

1 **WINSTON & STRAWN LLP**
Eric E. Sagerman (SBN: 155496)
2 esagerman@winston.com
Rolf S. Woolner (SBN: 143127)
3 rwoolner@winston.com
Justin E. Rawlins (SBN: 209915)
4 jrawlins@winston.com
333 S. Grand Avenue, 38th Floor
5 Los Angeles, CA 90071-1543
Telephone: (213) 615-1700
6 Facsimile: (213) 615-1750

7 Counsel for Ronald Greenspan, as Trustee of the
Liquidating Trusts of PCHLI, PCFI and PCFC
8

9 **UNITED STATES BANKRUPTCY COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**
11 **LOS ANGELES DIVISION**

Winston & Strawn LLP
333 S. Grand Avenue
Los Angeles, CA 90071-1543

12 In re:
13 PEOPLE'S CHOICE HOME LOAN, INC.,
14 *et al.*,¹
15 Debtors.

Case No. 2:12-bk-15811-RK
(Jointly Administered with 2:12-bk-16200-RK and
2:12-bk-16201-RK)
(Transferred from 8:07-bk-10765-RK and Jointly
Administered with Case Nos. 8:07-bk-10767-RK
and 8:07-bk-10772-RK)

Chapter 11

**MOTION FOR ORDER DISALLOWING
PROOF OF CLAIM OF PAUL AND LESLIE
BENNETT; DECLARATIONS OF TAMARA
D. MCGRATH, GREGORY A. MARTIN AND
NICOLE K. O'SULLIVAN IN SUPPORT
THEREOF**

Date: December 17, 2013
Time: 2:30 p.m.
Place: Courtroom 1675
255 East Temple Street
Los Angeles, CA 90012

Judge: Hon. Robert N. Kwan

26
27
28
¹ The Debtors were People's Choice Home Loan, Inc., People's Choi
Corporation.



TABLE OF CONTENTS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

PAGE(S)

I. BACKGROUND 1
 A. The Debtors’ Cases 1
 B. The Bennetts’ Financing of the San Clemente Property 2
 C. The Bennett Proof of Claim 2
 D. The PC Trust’s Requests for Additional Information Related to the Claim Go
 Unanswered 2
II. RELIEF REQUESTED 3
III. OBJECTION 4
 A. PCHLI Fully Complied with all TILA Obligations 4
 B. PCHLI Fully Complied with All RESPA Obligations 7
 C. PCHLI Fully Complied with the California Business and Professions Code 8
 D. PCHLI did not Breach any Covenants and it Owed No Fiduciary Duties 9
 E. The Bennetts’ Failure to Provide Sufficient Supporting Documentation for the Claim
 is an Additional Ground for Disallowance of the Claim 10
IV. RESERVATION OF RIGHTS 12
V. NOTICE 12
VI. CONCLUSION 13

Winston & Strawn LLP
333 S. Grand Avenue
Los Angeles, CA 90071-1543

Winston & Strawn LLP
333 S. Grand Avenue
Los Angeles, CA 90071-1543

TABLE OF AUTHORITIES

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Page(s)

CASES

Ashford v. Consol. Pioneer Mortgage (In re Consol. Pioneer Mortgage)
178 B.R. 222 (9th Cir. BAP 1995).....4, 10

Campbell v. Verizon Wireless S-CA (In re Campbell)
336 B.R. 430 (9th Cir. B.A.P. 2005).....11

Das v. Bank of America, N.A.
112 Cal. Rptr. 3d 439 (Cal. App. 2010).....10

Dey v. Continental Cent. Credit
88 Cal. Rptr. 3d 241 (Cal. Ct. App. 2008).....8

Heath v. Am. Express Travel Related Servs. Co. (In re Heath)
331 B.R. 424 (9th Cir. B.A.P. 2005).....11

Hilton v. Hongisto (In re Hongisto)
293 B.R. 45 (N.D. Cal. 2003)10

In re Allegheny Int’l, Inc.
954 F.2d 167 (3d Cir. 1992).....4

In re Chain
255 B.R. 278 (Bankr. D. Conn. 2000)10

In re Lasky
364 B.R. 385 (Bankr. C.D. Cal. 2007).....11

In re Parrish
326 B.R. 708 (Bankr. N.D. Ohio 2005)12

In re Roasters Corp.
No. 98-80704C-11D, No. 98-81049C-11D, 2001 WL 1699692 (Bankr. M.D.N.C. Mar. 7,
2001)10

In re Sandifer
318 B.R. 609 (Bankr. M.D. Fla. 2004)12

In re Shank
315 B.R. 799 (Bankr. N.D. Ga. 2004)11

In re Stoecker
143 B.R. 879 (N.D. Ill. 1992), *aff’d in part, vacated in part on other grounds*, 5 F.3d
1022 (7th Cir. 1993).....10

Lundell v. Anchor Constr. Specialists, Inc. (In re Lundell)
223 F.3d 1035 (9th Cir. 2000)4

Winston & Strawn LLP
333 S. Grand Avenue
Los Angeles, CA 90071-1543

1 *Nymark v. Heart Fed. Savs. & Loan Assn.*
2 283 Cal. Rptr. 53 (Cal. App. 1991).....10

3 *Schuetz v. Banc One Mortg. Corp.*
4 292 F.3d 1004 (9th Cir. 2002)8

5 *Wright v. Holm (In re Holm)*
6 931 F.2d 620 (9th Cir. 1991)4

7 **STATUTES**

8 11 U.S.C. § 502(b) passim

9 11 U.S.C. § 1123(b)(3)(B)2

10 12 U.S.C. §1207(a)7

11 12 U.S.C. § 2607.....8

12 12 U.S.C. § 2607(a)7

13 12 U.S.C. § 2607(c)7

14 15 U.S.C. § 1603(b)4

15 15 U.S.C. § 1604 (2005)5

16 15 U.S.C. § 1632 (2005)4

17 CAL. BPC. Code § 17200.....8

18 **OTHER AUTHORITIES**

19 12 C.F.R. § 226.18 (2005)4

20 12 C.F.R. § 226.326

21 24 C.F.R. § 3500.18

22 Fed. R. Bankr. P. 300110, 11

23 Fed. R. Bankr. P. 3001(a)10

24 Fed. R. Bankr. P. 3001(c)11

25 Fed. R. Bankr. P. 3001(f).....10, 11

26 Fed. R. Bankr. P. 7004.....12

27 9 COLLIER ON BANKRUPTCY 3001.09[1] (Resnick and Sommer eds., 16th ed. 2012)11

28

1 The Liquidating Trust of People’s Choice Home Loan, Inc., (the “PCHLI Trust”), by and
2 through Ronald F. Greenspan, in his capacity as its duly authorized and acting Liquidating Trustee
3 (the “Trustee”), hereby objects (the “Objection”) to the claims asserted by Paul Bennett and Leslie
4 Bennett (the “Bennetts”) against People’s Choice Home Loan, Inc. (“PCHLI”).² A true and correct
5 copy of the Bennetts’ Proof of Claim No. 313 (the “Claim” or “POC”) and the relevant PCHLI Loan
6 File are attached hereto as Exhibits A and B, respectively.³

7 The Liquidating Trustee objects to the Claim on the basis that it fails to allege an enforceable
8 general unsecured claim against PCHLI. The Claim alleges Truth in Lending Act (“TILA”) and
9 other statutory violations related to loan disclosures, violation of the California Business and
10 Professions Code, as well as other state law claims. The Claim, however, fails to assert a legal or
11 factual basis showing that the Bennetts are entitled to an allowable claim in these proceedings.
12 In support of this Objection, the Trustee submits the Declarations of Tamara D. McGrath, Gregory
13 A. Martin and Nicole K. O’Sullivan and respectfully represents as follows:

14 **I.**

15 **BACKGROUND**

16 **A. The Debtors’ Cases**

17 1. PCHLI, People’s Choice Funding, Inc. and People’s Choice Financial
18 Corporation (collectively, the “Debtors”) filed a voluntary petition for relief under chapter 11 of the
19 Bankruptcy Code in this Court on March 20, 2007 (the “Petition Date”), commencing these
20 bankruptcy cases (collectively, the “Cases”).

21 2. On August 6, 2008, the Court entered its order (the “Confirmation Order”)
22 confirming the Committee’s First Amended Liquidating Plan under Chapter 11 of the Bankruptcy
23 Code (the “Plan”). The “Effective Date” as defined in the Plan occurred on August 12, 2008, at
24 which time the Liquidating Trust Agreements for each Debtor’s liquidating trust (including the

25 _____
26 ² The Bennetts’ Claim was filed on their behalf by attorney Timothy McFarlin. Perhaps due to a
27 misunderstanding, the Bennetts’ names were crossed out and “Law Offices of Timothy McFarlin”
inserted by hand as the creditor on the Claim when it was filed. See Exhibit A. As a result, Claim
#313 appears on the claims register as “filed by Law Offices of Timothy McFarlin.”

28 ³ Exhibit B (the loan file) and Exhibit C (TILA disclosures) have been redacted to remove from
public view a variety of personal and confidential information including social security numbers and
bank account information. Unredacted copies of Exhibit B or Exhibit C can be presented for in
camera review or filed under seal upon request from the Court.

1 PCHLI Trust, the “PC Trusts”) became effective. The Trustee administers the PC Trusts by, among
2 other things, evaluating Claims against the Debtors and objecting to, allowing, or otherwise
3 resolving such Claims. The Trustee is the representative of the estates under 11 U.S.C.
4 § 1123(b)(3)(B), and is a liquidator of the assets of the estates.

5 **B. The Bennetts’ Financing of the San Clemente Property**

6 3. On July 20, 2005, the Bennetts entered into an agreement (the “Agreement”)
7 with PCHLI to finance the Bennetts’ home loan to purchase the property at 107 Avenida San Dimas,
8 San Clemente, California. Exhibit B at 302-325. The Bennetts signed a full set of TILA disclosures
9 dated July 20, 2005, signed a RESPA Servicing Disclosure dated July 20, 2005, and signed a Notice
10 of Right to Cancel (the “Cancellation Notice”) dated July 20, 2005. Exhibit C. The deadline to
11 cancel under the Cancellation Notice was July 24, 2005. Exhibit C. The Trustee is aware of no
12 evidence that suggests that the Bennetts attempted to cancel the Agreement before their deadline
13 under the Cancellation Notice. McGrath Decl. ¶ 3. The loan funded five days later on July 25,
14 2005. Exhibit B at 105.

15 4. Over a year after the deadline to cancel, on September 28, 2006, the Bennetts
16 mailed a letter (the “Letter”) to PCHLI alleging various violations of TILA and seeking rescission of
17 the Agreement. A copy of the Letter is included as an exhibit to the Bennett’s Claim as Exhibit 10.
18 See Exhibit A at 84-89.

19 **C. The Bennett Proof of Claim**

20 5. On August 7, 2007, the Bennetts filed their Claim against PCHLI asserting a
21 \$1,700,000 unsecured nonpriority claim for alleged violations of TILA, RESPA, and California
22 Business and Professions Code arising from the home loan provided by PCHLI to the Bennetts
23 [PCHLI Claims Docket #313]. The Bennetts also raised breach of covenant claims related to the
24 loan.

25 **D. The PC Trust’s Requests for Additional Information Related to the Claim Go**
26 **Unanswered**

27 6. Timothy McFarlin of The Law Offices of Timothy McFarlin is representing
28 the Bennetts in this matter. Winston & Strawn LLP (“Winston”), counsel to the Trustee, contacted

Winston & Strawn LLP
333 S. Grand Avenue
Los Angeles, CA 90071-1543

1 Mr. McFarlin a number of times to discuss the Claim. Martin Decl. ¶5; O’Sullivan Decl. ¶5. In
2 early 2012, Gregory Martin, an attorney then assisting the Trustee with the Claim, contacted Mr.
3 McFarlin by telephone and explained the Trustee’s position with respect to the Claim and requested
4 more information to substantiate the Claim. Martin Decl. ¶5.

5 7. After further evaluating the merits of the Claim and reviewing the Bennetts’
6 loan file, on July 12, 2012, a letter was sent to Mr. McFarlin informing him that the Trustee had
7 determined that the Claim against PCHLI appeared to be unfounded. Martin Decl. ¶6. The July 12
8 Letter described the Trustee’s underlying rationale for its determination, and requested that the
9 Claim either be withdrawn or that more information be provided evidencing an allowable claim.
10 A true and correct copy of the July 12 Letter is attached hereto as Exhibit D. On October 2, 2012, a
11 second letter was sent to Mr. McFarlin. Martin Decl. ¶6. The October 2 Letter again informed
12 Mr. McFarlin that the Trustee believed that the Claim was unfounded and described the legal basis
13 for this determination. The October 2 Letter also informed Mr. McFarlin that an objection to the
14 Claim would be filed unless the Claim is withdrawn or additional information supporting it was
15 received by October 31, 2012. A true and correct copy of the October 2 Letter is attached hereto as
16 Exhibit E. No information was provided by Mr. McFarlin in response to these communications.
17 Neither the Liquidating Trustee nor Winston has heard from Mr. McFarlin since. Martin Decl. ¶6;
18 McGrath Decl. ¶5. On October 22, 2013, Nicole K. O’Sullivan, an attorney assisting the Trustee
19 with the Claim, called Mr. McFarlin and left a voice message asking that he call to discuss the
20 Claim. O’Sullivan Decl. ¶5. Mr. McFarlin has not returned Ms. O’Sullivan’s telephone call.
21 O’Sullivan Decl. ¶6.

22 II.

23 RELIEF REQUESTED

24 8. By this Objection, the Liquidating Trustee requests, pursuant to section
25 502(b)(1) of the Bankruptcy Code, that the Court sustain this Objection and disallow the Bennett
26 Claim, in full and on a final basis, as more particularly set forth herein.

1 **III.**

2 **OBJECTION**

3 9. The Liquidating Trustee objects to the Claim on the basis that it fails to allege
4 an enforceable general unsecured claim against PCHLI since: (a) PCHLI fully complied with all
5 TILA obligations, (b) PCHLI fully complied with all RESPA obligations, (c) PCHLI fully complied
6 with the California Business and Professions Code, and (d) PCHLI did not breach any covenants
7 with the Bennetts and PCHLI owed the Bennetts no fiduciary duties. The Liquidating Trustee
8 therefore requests that this Court enter an order disallowing the Claim in its entirety.

9 10. Section 502(b)(1) of the Bankruptcy Code provides that a proof of claim shall
10 be disallowed to the extent that “such claim is unenforceable against the debtor and property of the
11 debtor, under any agreement or applicable law for a reason other than because such claim is
12 contingent or unmatured.” 11 U.S.C. § 502(b)(1) (2010). Although a filed proof of claim
13 constitutes prima facie evidence of the claim’s validity, “[i]f [an] objector produces sufficient
14 evidence to negate one or more of the sworn facts in the proof of claim, the burden reverts to the
15 claimant to prove the validity of the claim by a preponderance of the evidence.’ The ultimate burden
16 of persuasion remains at all times upon the claimant.” *Lundell v. Anchor Constr. Specialists, Inc.*
17 (*In re Lundell*), 223 F.3d 1035, 1039 (9th Cir. 2000) (quoting *Ashford v. Consol. Pioneer Mortgage*
18 (*In re Consol. Pioneer Mortgage*), 178 B.R. 222, 226 (9th Cir. BAP 1995)). *See also In re*
19 *Allegheny Int’l., Inc.*, 954 F.2d 167, 174 (3d Cir. 1992); *Wright v. Holm (In re Holm)*, 931 F.2d 620,
20 623 (9th Cir. 1991).

21 **A. PCHLI Fully Complied with all TILA Obligations**

22 **The Bennetts Received Proper TILA Disclosures**

23 11. TILA requires that a mortgage lender clearly and conspicuously disclose to
24 borrowers the information required by TILA and Regulation Z. *See* 15 U.S.C. § 1632 (2005);
25 12 C.F.R. § 226.18 (2005) (detailing the terms to be disclosed in each transaction under TILA).
26 To assist lenders in meeting their obligations under TILA, the Board of Governors of the Federal
27 Reserve System (the “Board”), pursuant to 15 U.S.C. § 1603(b), has published model disclosure
28 forms in appendix H to Regulation Z. A lender is not required to utilize the forms to meet its

1 obligations under TILA and Regulation Z, but a lender

2 shall be deemed to be in compliance with the disclosure provisions of
3 [TILA] . . . if the [lender] (1) uses any appropriate model form or
4 clause as published by the Board, or (2) uses any such model form or
5 clause and changes it by (A) deleting any information which is not
6 required by [TILA], or (B) rearranging the format, if in making such
7 deletion or rearranging the format, the [lender] does not affect the
8 substance, clarity, or meaningful sequence of the disclosure.

9 15 U.S.C. § 1604 (2005).

10 12. Four of the Board's model forms (H-2, H-3, H-4(B), and H-8) are relevant to
11 the Bennetts' mortgage and are attached to this Objection as Exhibit F. PCHLI's standard TILA
12 disclosure forms are substantially similar to the model forms. The Bennetts attached to their Claim
13 unsigned copies of TILA disclosure forms, improperly suggesting that the Bennetts never received
14 proper TILA disclosures. The Bennetts did, however, receive proper TILA disclosures.

15 13. The Bennetts executed a Truth-in-Lending Act Disclosure Statement
16 (the "Disclosure Statement"), an Itemization of Amount Financed (the "Itemization"), and the
17 Cancellation Notice (together with the Disclosure Statement and the Itemization, the "Bennett
18 Disclosures"), each signed and dated by the Bennetts July 20, 2005. True and correct copies of the
19 Disclosure Statement, Itemization, and Cancellation Notice, as signed and acknowledged by the
20 Bennetts, are attached as Exhibit C. A true and correct copy of the Initial Disclosure Cover Letter
21 (the "Disclosure Cover Letter") as signed and acknowledge by the Bennetts on July 20, 2005, further
22 acknowledging that the Bennetts received the Bennett Disclosures, is also attached as Exhibit C.
23 Exhibit C at 379.

24 14. The Disclosure Statement is nearly identical to model form H-2 and
25 incorporates a variable rate clause identical to the clause in model form H-4(B). *Compare* Ex. F at
26 403 *with* Ex. C at 379. To assist the borrower in understanding the material terms of the loan, the
27 Disclosure Statement also contains definitions of "annual percentage rate," "prepaid finance
28 charges," "finance charge," "amount financed," "total of payments," "and payment schedule." Ex. C

1 at 380. The Itemization and Cancellation Notice are substantially similar to the Board's
2 corresponding forms (H-3 and H-8, respectively). *Compare* Ex. F at 404, 406 with Ex. C at 381,
3 393. Because the Bennett Disclosures are substantially similar to the Board's model forms, PCHLI
4 satisfied its TILA disclosure obligation owed to the Bennetts.

5 15. In addition, several allegations made in ¶ 58 of the Claim are factually
6 incorrect, including the following:

- 7 (a) Sub-paragraphs (a) and (b) of the POC are refuted by paragraphs 12-14 above and the
8 referenced exhibits—PCHLI provided proper TILA disclosures and the Bennetts
9 signed, acknowledging their receipt.
- 10 (b) Sub-paragraphs (c) and (d) of the POC are factually incorrect—the Finance Charge,
11 Amount Financed, and all other charges were properly disclosed. *See* Ex. C at 379;
12 Ex. G.
- 13 (c) Sub-paragraph (e) of the POC is factually incorrect—the Bennett Disclosures and
14 complete set of loan documents were properly provided to the Bennetts six days
15 before the signing and execution of the loan. *See* Ex. B at 352. Furthermore, while
16 Regulation Z requires HOEPA disclosures be provided three days prior to closing, 12
17 C.F.R. § 226.32, the Bennetts' loan is not subject to this requirement because it is not
18 a high cost loan within the meaning of the Regulation. *See* 12 C.F.R. § 226.32; Ex.
19 H.
- 20 (d) Sub-paragraph (f) is factually incorrect—the Cancellation Notice was provided the
21 day the loan documents were executed. *See* Ex. C at 394.
- 22 (e) Sub-paragraphs (g) and (h) are factually incorrect—PCHLI provided proper HUD-1
23 disclosures. *See* Ex. C.
- 24 (f) Sub-paragraphs (i)-(r) are factually incorrect—PCHLI properly provided all required
25 disclosures and documents. *See* Exs. C; I.
- 26 (g) Sub-paragraphs (s) and (t) are factually incorrect—the Yield Service Premium was
27 fully disclosed and explained. *See* Ex. G.
- 28

1 The Bennetts are not Entitled to Rescission

2 16. The Bennetts assert that PCHLI failed to provide the Bennett Disclosures,
3 including the Cancellation notice, and that they may therefore rescind the Agreement. *See* Ex. A ¶¶
4 60-62. The Bennetts are mistaken. As discussed above, PCHLI properly provided the Bennett
5 Disclosures. In addition, PCHLI properly provided the Cancellation Notice, which clearly conveyed
6 the July 24, 2005 deadline. *See* Ex. C at 394. Because PCHLI properly provided all required
7 disclosures and the Bennetts did not attempt to rescind until over a year after the cancellation
8 deadline, the Bennetts' Rescission Claim is meritless. The Bennetts are not entitled to rescission of
9 the Agreement or a refund of the monies paid in connection with the agreement.

10 17. As the Bennetts have failed to demonstrate that PCHLI breached an obligation
11 to them under TILA, Count I of the Claim must be disallowed pursuant to § 502(b)(1).

12 **B. PCHLI Fully Complied with All RESPA Obligations**

13 18. The Bennetts' allegation that PCHLI did not "provide detail regarding
14 document preparation fees and unlawfully charged [the Bennetts] a document preparation fee for
15 TILA or HUD-1" is unfounded. No document preparation fee is listed on any of the documents in
16 the loan file. *See generally* Ex. B. The Itemization lists no document preparation fee. *See* Ex. C at
17 382.

18 19. The Bennetts' allegation that PCHLI did not timely provide a HUD Booklet is
19 factually incorrect. The Bennetts' Loan Application is dated July 20, 2005 and the Bennetts
20 acknowledged receipt of the HUD Booklet on July 20, 2005. *Ex. C* at 379.

21 20. The Yield Spread Premium referenced in the Bennetts' POC ¶ 67 was not "an
22 illegal referral fee or 'kickback.'" Referral fees and kickbacks in relation to referring real estate
23 mortgages are generally prohibited. 12 U.S.C. § 2607(a).⁴ There are exceptions, however.
24 "Nothing in this section shall be construed as prohibiting . . . [payments] by a lender to its duly
25 appointed agent for services actually performed . . . pursuant to cooperative brokerage and referral
26 arrangements or agreements between real estate agents and brokers . . . so long as disclosure is made

27
28 ⁴ The Claim cites 12 U.S.C. § 1207(a); however, 12 U.S.C. § 1207(a) does not exist. The Bennetts likely intended to refer to 12 U.S.C. § 2607(a), dealing with prohibitions against kickbacks and unearned fees.

1 . . . [and] a written estimate of the charge [is provided].” 12 U.S.C. § 2607(c). “Yield spread
2 premiums are not illegal per se.” *Schuetz v. Banc One Mortg. Corp.*, 292 F.3d 1004, 1014 (9th Cir.
3 2002). The legality of any yield spread premium paid is to be made on a case-by-case basis, and a
4 yield spread premium is legal so long as (1) it was paid for compensable services, and (2) the total
5 compensation was reasonably related to the value of services provided. *Id.* at 1013. Compensable
6 services include, but are not limited to, analysis of a borrower’s income, collecting a borrower’s
7 financial information, obtaining credit reports, securing appraisals, and preparing loan packages.
8 *Id.* at 1014. Furthermore, the burden rests upon the claimant to produce evidence that the yield
9 spread premium in question does not meet the requirements for legality. *See id.* Here, the Bennetts
10 produced no evidence that the Yield Spread Premium was paid for anything other than compensable
11 services fully consistent with 12 U.S.C. § 2607 and 24 C.F.R. § 3500.1. Moreover, the loan package
12 prepared by The Escrow Factory indicates the Yield Spread Premium was paid for compensable
13 services such as collecting the Bennetts’ financial information and preparing the loan package.

14 *See Ex. J.*

15 21. Because PCHLI properly and timely provided the Bennetts with all required
16 documents, and because the Bennetts produced no evidence indicating the Yield Spread Premium
17 was paid for anything other than compensable services, the Bennetts have failed to demonstrate
18 PCHLI breached an obligation under RESPA. Count II of the Claim must therefore be disallowed
19 pursuant to § 502(b)(1).

20 **C. PCHLI Fully Complied with the California Business and Professions Code**

21 PCHLI did not Violate TILA or RESPA and Therefore did not Violate the UCL

22 22. California Business and Professions Code § 17200 prohibits business
23 practices which are: (1) unlawful; or (2) unfair; or (3) fraudulent. *Dey v. Continental Cent. Credit*,
24 88 Cal. Rptr. 3d 241, 245 (Cal. Ct. App. 2008). Claims under § 17200 borrow violations of other
25 laws and treat them as independent claims when they are committed pursuant to a business activity.
26 *Id.* Thus, it requires a violation of another law to state a claim under § 17200. *See id.*

27 23. Substantially all of the Bennetts’ California Business and Professions Code
28 (“UCL”) claims arise from the alleged TILA and RESPA violations. As discussed above, because

Winston & Strawn LLP
333 S. Grand Avenue
Los Angeles, CA 90071-1543

1 PCHLI fully complied with TILA and RESPA, alleged violation of TILA and RESPA cannot form
2 the basis of their UCL claims.

3 PCHLI made no Misrepresentations

4 24. There is no evidence to support the Claim's allegations that PCHLI made
5 misrepresentations to the Bennetts. As discussed above, PCHLI properly provided all required
6 disclosures and the Bennetts signed documents acknowledging receipt of this information. And as
7 described below, the PC Trusts' requests for additional information to substantiate the Bennetts'
8 Claim went unanswered.

9 PCHLI was not Involved in a Civil Conspiracy

10 25. Included in the UCL Claims are allegations that PCHLI was involved in a
11 "civil conspiracy to provide credit . . . notwithstanding [borrowers'] ability to make monthly
12 mortgage payments." Ex. A ¶ 86. But the Bennetts have produced no evidence to support these
13 allegations. The Bennetts, through their broker, requested a mortgage loan from PCHLI. PCHLI
14 agreed to advance the Bennetts' loan at a certain interest rate, which was fully disclosed to the
15 Bennetts. As discussed above, all required disclosures were provided to the Bennetts and they
16 entered the Agreement knowing what the material terms of the agreement were. It is unfortunate
17 that the Bennetts were unable to repay their loan, but it cannot be said that PCHLI deceived the
18 Bennetts or conspired against them.

19 26. Because PCHLI did not violate TILA or RESPA, made no misrepresentations
20 to the Bennetts, and did not conspire against or deceive the Bennetts, the Bennetts have failed to
21 demonstrate PCHLI breached an obligation under the California Business and Professions Code.
22 Count III of the Claim must therefore be disallowed pursuant to § 502(b)(1).

23 **D. PCHLI did not Breach any Covenants and it Owed No Fiduciary Duties**

24 PCHLI did not Breach any Covenants

25 27. The Claim alleges PCHLI breached covenants with the Bennetts. But PCHLI
26 satisfied all its obligations when it provided the loan disclosures (discussed at length above) and
27 advanced the loan that the Bennetts requested.

28 28. The Claim further alleges PCHLI breached fiduciary duties owed to the

1 Bennetts. *See* Ex. A ¶ 97. However, lenders do not generally owe borrowers a fiduciary duty. *Das*
2 *v. Bank of America, N.A.*, 112 Cal. Rptr. 3d 439, 450 (Cal. App. 2010); *Nymark v. Heart Fed. Savs.*
3 *& Loan Assn.*, 283 Cal. Rptr. 53 (Cal. App. 1991). Here, the relationship between PCHLI and the
4 Bennetts was that of lender-borrower, so PCHLI owed the Bennetts no fiduciary duties.

5 PCHLI Took no Part in Foreclosure

6 29. The Claim alleges that PCHLI participated in a wrongful foreclosure.
7 But PCHLI sold the Bennetts' loan on December 22, 2005 to another financial institution shortly
8 after originating the loan, as was PCHLI's business practice. *See* McGrath Decl. ¶ 4. Thus, PCHLI
9 would not have been involved in the foreclosure process when the Bennetts stopped making
10 payments on the loan.

11 30. Because PCHLI did not breach any covenants, owed the Bennetts no fiduciary
12 duties, and took no part in the foreclosure of the Bennetts' home, the Bennetts have failed to
13 establish Count IV of the Claim which must therefore be disallowed pursuant to § 502(b)(1).

14 **E. The Bennetts' Failure to Provide Sufficient Supporting Documentation for the**
15 **Claim is an Additional Ground for Disallowance of the Claim**

16 31. Adequate documentation is essential to establish a claim's prima facie
17 validity. In order for a claim to be prima facie valid, it must comply with Bankruptcy Rule 3001 and
18 set forth the facts necessary to support the claim. *See In re Stoecker*, 143 B.R. 879, 883 (N.D. Ill.
19 1992), *aff'd in part, vacated in part on other grounds*, 5 F.3d 1022 (7th Cir. 1993); *In re Chain*,
20 255 B.R. 278, 280-81 (Bankr. D. Conn. 2000). The Bankruptcy Rules and the official form
21 governing proofs of claim (Official Form 10) call for claimants to attach copies of supporting
22 documents to substantiate their claims. *See* Fed. R. Bankr. P. 3001(a); Official Form 10.
23 The Bennetts' Claim supplies generic allegations which fail to show any wrongdoing on the part of
24 PCHLI. Repeated requests were made by counsel to the Trustee for additional documentation, to no
25 avail. *See* Exs. D, E; Martin Decl. ¶ 6; O'Sullivan Decl. ¶ 5-6. Accordingly, the Claim "fails to
26 'allege facts sufficient to support a legal liability,' and thus does not constitute prima facie evidence
27 of the validity of the [C]laim." *Hilton v. Hongisto (In re Hongisto)*, 293 B.R. 45, 51 (N.D. Cal.
28 2003) (quoting *In re Consol. Pioneer Mortg.*, 178 B.R. 222, 226 (9th Cir. B.A.P. 1995); *see also In*

1 *re Roasters Corp.*, Nos. 98-80704C-11D, 98-81049C-11D, 2001 WL 1699692, at *4 (Bankr.
2 M.D.N.C. Mar. 7, 2001) (“A claimant who files a proof of claim that fails to set forth the necessary
3 facts loses the benefit of Rule 3001(f) and is not entitled to have the proof of claim treated as prima
4 facie evidence of the validity and amount of the claim.”) (citations omitted); 9 COLLIER ON
5 BANKRUPTCY 3001.09[1] (Resnick and Sommer eds., 16th ed. 2012) (“In order for a claim to be
6 entitled to the weight [of prima facie validity] afforded by Rule 3001(f), it must comply with the
7 rules, including Rule 3001, and set fort the facts necessary to support the claim. . . . [I]f the original
8 proof of claim contains only summary information and lacks the documentation necessary under
9 Rule 3001 to establish a prima facie validity, the claimant may have the burden of establishing its
10 claim for the excess amounts . . .”).

11 32. Although a Rule 3001 violation is not by itself an objectionable ground in the
12 Ninth Circuit, the failure of a creditor to respond to a specific information request to substantiate its
13 claim “may raise an evidentiary basis to object to the unsupported aspects of the claim, or even a
14 basis for evidentiary sanctions, thereby coming within Section 502(b)’s grounds to disallow the
15 claim.” *Heath v. Am. Express Travel Related Servs. Co. (In re Heath)*, 331 B.R. 424, 437 (9th Cir.
16 B.A.P. 2005); *see also Campbell v. Verizon Wireless S-CA (In re Campbell)*, 336 B.R. 430, 436
17 (9th Cir. B.A.P. 2005) (“We emphasize, as we did in *Heath*, that a creditor who files a proof of claim
18 that lacks sufficient support under Rule 3001(c) and (f) does so at its own risk. That proof of claim
19 will lack prima facie validity, so any objection that raises a legal or factual ground to disallow the
20 claim will likely prevail absent an adequate response by the creditor. Moreover, a creditor’s lack of
21 adequate response to a debtor’s formal or informal inquiries ‘in itself may raise an evidentiary basis
22 to object to the unsupported aspects of the claim, or even a basis for evidentiary sanctions, thereby
23 coming within Section 502(b)’s grounds to disallow the claim.”) (quoting *In re Heath*, 331 B.R. at
24 437); *In re Lasky*, 364 B.R. 385, 389 (Bankr. C.D. Cal. 2007) (same); *In re Shank*, 315 B.R. 799,
25 816 (Bankr. N.D. Ga. 2004) (“The Court expects creditors who file proofs of claim like the ones in
26 this case to respond promptly and fully to an appropriate request for information; if their failure to
27 do so precludes an objecting party from determining the debtor’s liability or amount thereof, then an
28 objection asserting same will be appropriate. In the context of a legitimate basis for questioning a

1 claim and an appropriate request, formal or informal, for supporting documentation, a creditor who
2 stands on an unadorned proof of claim such as the ones in this case may well find itself with a
3 disallowed claim.”).

4 33. Because the Bennetts have not provided evidence sufficient to support the
5 prima facie burden, notwithstanding multiple requests from the Trustee over an extended period, the
6 Claim should be disallowed. *See In re Sandifer*, 318 B.R. 609 (Bankr. M.D. Fla. 2004) (proofs of
7 claim which failed to provide documentation of charges, payments, fees, and interest, but simply set
8 forth balances allegedly owing on debtor’s accounts, failed to satisfy the requirements of Bankruptcy
9 rule and would be disallowed); *In re Parrish*, 326 B.R. 708 (Bankr. N.D. Ohio 2005) (creditor’s
10 failure to include supporting documentation negates its *prima facie* validity).

11 **IV.**

12 **RESERVATION OF RIGHTS**

13 34. Nothing contained in this Objection shall be deemed an admission by the
14 Liquidating Trustee of liability on any claims against the Debtors’ estates, and the Liquidating
15 Trustee does not waive any rights against any party. The Liquidating Trustee expressly reserves the
16 right to amend, modify, or supplement this Objection, respond to any opposition filed by the
17 Bennetts with respect hereto, and file further objections to any claims asserted by the Bennetts,
18 including, without limitation, objections as to the amounts and priority asserted in any proof of
19 claim, whether filed or not, and to seek affirmative relief with respect to the Bennetts.

20 35. Without limiting the generality of the foregoing, the Liquidating Trustee
21 reserves the right to bring other and further objections to the Claim.

22 **V.**

23 **NOTICE**

24 36. The Liquidating Trustee will serve copies of this Objection (together with all
25 exhibits) on: (a) the Bennetts, through their counsel Timothy McFarlin, Esq.; and (b) the Office of
26 the United States Trustee. Mr. McFarlin will be served at the address listed on the Claim. The
27 Liquidating Trustee submits that such service is consistent with Rule 7004 of the Federal Rules of
28 Bankruptcy Procedure and that, in light of the nature of the relief requested, no further notice is

1 required.

2 **VI.**

3 **CONCLUSION**

4 WHEREFORE, based upon the foregoing, the Liquidating Trustee respectfully requests that
5 the Court enter an order (a) sustaining the Objection, (b) disallowing the Claim on a full and final
6 basis, (c) preserving other and further objections and affirmative claims of the Liquidating Trusts,
7 (d) approving the form and scope of notice given of the relief requested, and (e) granting such other
8 and further relief as this Court may deem just and proper under the circumstances of this Case.

9
10 Dated: November 11, 2013

WINSTON & STRAWN LLP

11
12
13 By: /s/ Rolf S. Woolner
14 Rolf S. Woolner
15 Counsel for Ronald Greenspan, as Trustee of the
16 Liquidating Trusts of PCHLI, PCFI and PCFC
17
18
19
20
21
22
23
24
25
26
27
28

Winston & Strawn LLP
333 S. Grand Avenue
Los Angeles, CA 90071-1543

DECLARATION OF TAMARA D. MCGRATH

I, Tamara D. McGrath, declare and state as follows:

1. I am a Managing Director of Corporate Finance at FTI Consulting Inc. (“FTI”), financial advisor in these chapter 11 cases to (a) the Committee prior to plan confirmation and (b) the Liquidating Trustee since plan confirmation. In that capacity, I am custodian of and have become personally familiar with the Debtors’ books, records, and files (the “Records”). I am informed that the Records were created and updated by the Debtors’ employees in the ordinary course of business at or near the time of the events recorded. Those Records are now in the possession of the Liquidating Trustee, and as to the following facts, I know them to be true from my review of the Debtors’ business records. My business address is 633 West Fifth Street, 16th Floor, Los Angeles, CA 90071-2027.

2. I make this declaration in support of the Liquidating Trustee’s *Motion for Order Disallowing Proof of Claim of Paul and Leslie Bennett* (the “Objection”). Capitalized terms not defined in this declaration shall have the same meanings ascribed to them in the Objection.

3. During my review of the Records I discovered no evidence (a) of any amount owed by any of the Debtors to the Bennetts or (b) that would otherwise support a claim against any of the Debtors. I saw nothing in the Records suggesting that the Bennetts ever attempted to cancel the financing agreement before the deadline set forth in the cancellation notice in the files.

4. My review of the Records showed that PCHLI sold the Bennetts’ loan to another financial institution on December 22, 2005, shortly after originating the loan. Based on my familiarity with the Records, this sale was consistent with PCHLI’s general business practice.

5. The Liquidating Trustee has received no correspondence from the Bennetts, or any counsel on their behalf, since Winston made requests for additional information last year to the Bennetts’ counsel.

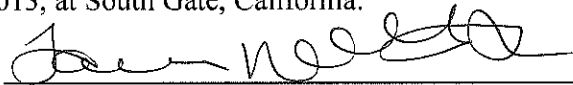
6. True and correct copies (with redactions, to remove certain information from public view) of the PCHLI loan file relating to the Bennett loan and the Truth in Lending Act disclosures provided to the Bennetts in connection with that loan are attached to the Objection as Exhibits B and C, respectively.

Winston & Strawn LLP
333 S. Grand Avenue
Los Angeles, CA 90071-1543

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

I declare under penalty of perjury under the laws of the United States of America that
the foregoing is true and correct. If called upon as a witness, I could and would testify competently
to the foregoing.

Executed on November 7, 2013, at South Gate, California.



Tamara D. McGrath

Winston & Strawn LLP
333 S. Grand Avenue
Los Angeles, CA 90071-1543

DECLARATION OF GREGORY A. MARTIN

I, Gregory A. Martin, declare and state as follows:

1. I am an attorney at law admitted and in good standing to practice in the state of California and before the United States District Court for the Central District of California.

2. I am currently an M.B.A. student at the Tepper School of Business of Carneie Mellon University. Until recently, I was an attorney with Winston & Strawn LLP and was one of the lawyers responsible for the firm's representation of the PC Trusts. I have personal knowledge of the matters set forth below and, if called upon as a witness, I could and would testify competently thereto.

3. I make this declaration in support of the Liquidating Trustee's *Motion for Order Disallowing Proof of Claim of Paul and Leslie Bennett* (the "Objection"). Capitalized terms not defined in this declaration shall have the same meanings ascribed to them in the Objection.

4. A true and correct copy of the Bennetts' Claim is attached to the Objection as Exhibit A.

5. In early 2012, I contacted Timothy McFarlin, counsel to the Bennetts, by telephone to discuss the Claim and to request additional information to substantiate it.

6. After evaluating the merits of the Claim and reviewing the Bennetts' loan file, on July 12, 2012, I sent a letter to Mr. McFarlin informing him that the Trustee determined that the Claim against PCHLI appeared to be unfounded. My July 12, 2012 letter described the Trustee's underlying rationale for its determination, and requested that the Claim either be withdrawn or that more information be provided evidencing an allowable claim. A true and correct copy of the July 12, 2012 letter is attached to the Objection as Exhibit D. Having received no additional information, on October 2, 2012, I sent a second letter to Mr. McFarlin. My October 2, 2012 letter was similar in substance and again informed Mr. McFarlin that the Trustee believed that the Claim was unfounded. The October 2, 2012 letter also informed Mr. McFarlin that an objection to the Claim would be filed unless the Claim was withdrawn or additional information supporting it was received by October 31, 2012. A true and correct copy of my July 12, 2012 letter is attached to the Objection as Exhibit E. I received no additional information regarding the Claim, necessitating the

1 filing of this Objection.

2 I declare under penalty of perjury under the laws of the United States of America that
3 the foregoing is true and correct.

4 Executed on October 25, 2013, at Los Angeles, California.

5 
6 Gregory A Martin

7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
Winston & Strawn LLP
333 S. Grand Avenue
Los Angeles, CA 90071-1543

DECLARATION OF NICOLE K. O'SULLIVAN

I, Nicole K. O'Sullivan, declare and state as follows:

1. I am an attorney at law admitted and in good standing to practice in the state of New York.

2. I am an attorney with Winston & Strawn, LLP. I am one of the lawyers responsible for the firm's representation of the PC Trusts. I have personal knowledge of the matters set forth below and, if called upon as a witness, I could and would testify competently thereto.

3. I make this declaration in support of the Liquidating Trustee's *Motion for Order Disallowing Proof of Claim of Paul and Leslie Bennett* (the "Objection"). Capitalized terms not defined in this declaration shall have the same meanings ascribed to them in the Objection.

4. A true and correct copy of the Bennetts' Claim is attached to the Objection as Exhibit A.

5. On October 22, 2013, I called Timothy McFarlin, counsel to the Bennetts, to discuss the Claim and to request additional information to substantiate it. I spoke with the receptionist at Mr. McFarlin's office who informed me that Mr. McFarlin was not available. The receptionist transferred me to Mr. McFarlin's voicemail and I left a voice message identifying myself as an attorney with Winston & Strawn, LLP calling on behalf of the Liquidating Trustee of the PCHLI Trust, and stating that I was calling to discuss the Claim.

6. I received no response and no additional information regarding the Claim, necessitating the filing of this Objection.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on November 8, 2013, at Los Angeles, California.



Nicole K. O'Sullivan

Winston & Strawn LLP
333 S. Grand Avenue
Los Angeles, CA 90071-1543

EXHIBIT A

United States Bankruptcy Court for the Central District of California

PROOF OF CLAIM

Name of Debtor
People's Choice Home Loan, Inc.

Case Number
07-10765

This Space For Court Use Only

NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.

Name of Creditor (The person or other entity to whom the debtor owes money or property):
Law offices of Timothy McFarlin
~~PAUL AND LESLIE BENNETT~~

Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.

FILED
AUG - 7 2007
 CLERK U.S. BANKRUPTCY COURT
 CENTRAL DISTRICT OF CALIFORNIA
 BY *JA* Deputy Clerk

Name and Address where notices should be sent:
PAUL AND LESLIE BENNETT
C/O TIMOTHY GEORGE MCFARLIN ESQ
LAW OFFICES OF TIMOTHY GEORGE MCFARLIN
18881 VON KARMAN AVENUE SUITE 760
IRVINE CA 92612
PO Box 6035
IRVINE CA
 Telephone Number: **949-206-0400** *92616*

Check box if you have never received any notices from the bankruptcy court in this case.

Check box if the address differs from the address on the envelope sent to you by the court.

RECEIVED
AUG - 7 2007
 This Space For Court Use Only
 XRoads Claims Management Services

Last four digits of account or other number by which creditor identifies debtor:
SACV06-1074 AG (MLGx)

Check here replaces if this claim amends a previously filed claim dated _____

1. Basis for Claim
 Goods sold
 Services performed
 Money loaned
 Personal injury/wrongful death
 Taxes
 Other **TILA/RESPA violations**

Retiree benefits as defined in 11 U.S.C. § 1114(a)
 Wages, salaries, and compensation (fill out below)
 Last four digits of your SS #: _____
 Unpaid compensation for services performed from _____ to _____ (date) (date)

2. Date debt was incurred:
07-15-2005

3. If court judgment, date obtained:

4. Classification of Claim. Check the appropriate box or boxes that best describe your claim and state the amount of the claim at the time case filed. See reverse side for important explanations.
Unsecured Nonpriority Claim \$ 1,700,000.00
 Check this box if: a) there is no collateral or lien securing your claim, or b) your claim exceeds the value of the property securing it, or if c) none or only part of your claim is entitled to priority.

Secured Claim.
 Check this box if your claim is secured by collateral (including a right of setoff).
 Brief Description of Collateral:
 Real Estate Motor Vehicle Other _____
 Value of Collateral \$ _____
 Amount of arrearage and other charges at time case filed included in secured claim, if any: \$ _____

Unsecured Priority Claim.
 Check this box if you have an unsecured claim, all or part of which is entitled to priority
 Amount entitled to priority \$ _____
 Specify the priority of the claim:
 Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).
 Wages, salaries, or commissions (up to \$10,000),* earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(4).
 Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(5).

Up to \$2,225* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(7).
 Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).
 Other - Specify applicable paragraph of 11 U.S.C. § 507(a)(____).
 * Amounts are subject to adjustment on 4/1/07 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.

5. Total Amount of Claim at Time Case Filed: \$ 1,700,000.00
 (Unsecured) (Secured) (Priority) **1,700,000.00** (Total)
 Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.

This Space For Court Use Only

6. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.
7. Supporting Documents: Attach copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.
8. Date-Stamped Copy: To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim

CL # 313
8-8-07
AK

Date:
08-02-07

Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any):
JA **Timothy G. McFarlin, Esq.**

Timothy G. McFarlin (CBN: 223378)
Law Offices of Timothy G. McFarlin, PLC
18881 Von Karman Avenue, Suite 760
Irvine, CA 92612
Telephone: (949) 206-0400
Facsimile: (949) 206-0404

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

PAUL BENNETT and LESLIE BENNETT

PLAINTIFF(S)

v.
PEOPLES CHOICE HOME LOAN, INC., a Wyoming Corporation,
WILSHIRE CREDIT CORP., a Nevada Corporation, M C FUNDING
INC., a California Corporation, OCEAN CAPITAL HOME LOANS
CORP., a California Corporation, and DOES 1 THROUGH 10

DEFENDANT(S).

CASE NUMBER

SA CV 06-1074 AG(MLGx)

SUMMONS

TO: THE ABOVE-NAMED DEFENDANT(S):

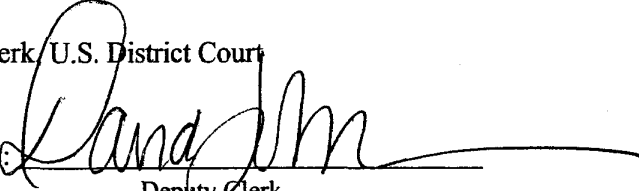
YOU ARE HEREBY SUMMONED and required to file with this court and serve upon plaintiff's attorney
TIMOTHY G. MCFARLIN, whose address is:

18881 Von Karman Avenue
Suite 760
Irvine, CA 92612

an answer to the complaint _____ amended complaint counterclaim cross-claim
which is herewith served upon you within 20 days after service of this Summons upon you, exclusive
of the day of service. If you fail to do so, judgement by default will be taken against you for the relief
demanded in the complaint.

Dated: NOV - 8 2006

Clerk, U.S. District Court

By: 
Deputy Clerk

(Seal of the Court)

FILED

NAME, ADDRESS & TELEPHONE NUMBER OF ATTORNEY(S) FOR, OR, PLAINTIFF OR DEFENDANT IF PLAINTIFF OR DEFENDANT IS PRO PER

Timothy G. McFarlin (CBN: 223378)
Law Offices of Timothy G. McFarlin, PLC
18881 Von Karman Avenue, Suite 760
Irvine, CA 92612
Telephone: (949) 206-0400
Facsimile: (949) 206-0404

2006 NOV -8 AM 10: 16
CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
SANTA ANA

BY: _____

ATTORNEYS FOR: Plaintiff(s)

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

PAUL BENNETT and LESLIE BENNETT

Plaintiff(s),

v.

PEOPLES CHOICE HOME LOAN, INC., a Wyoming Corporation,
WILSHIRE CREDIT CORP., a Nevada Corporation, M C FUNDING
INC., a California Corporation, OCEAN CAPITAL HOME LOANS
CORP., a California Corporation, and DOES 1 THROUGH 10

Defendant(s)

CASE NUMBER

SA CV 06-1074 AG(MLGx)

**CERTIFICATION AND NOTICE
OF INTERESTED PARTIES
(Local Rule 7.1-1)**

TO: THE COURT AND ALL PARTIES APPEARING OF RECORD:

The undersigned, counsel of record for Paul Bennett and Leslie Bennett
(or party appearing in pro per), certifies that the following listed party (or parties) has (have) a direct, pecuniary interest in the outcome of this case. These representations are made to enable the Court to evaluate possible disqualification or recusal. (Use additional sheet if necessary.)

PARTY

CONNECTION

(List the names of all such parties and identify their connection and interest.)

Paul Bennett

Plaintiff

Leslie Bennett

Plaintiff

Date

11-6-06

Sign



Timothy G. McFarlin
Attorney of record for or party appearing in pro per

NOTICE OF INTERESTED PARTIES

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
 CIVIL COVER SHEET**

I (a) PLAINTIFFS (Check box if you are representing yourself <input type="checkbox"/> PAUL BENNETT and LESLIE BENNETT	DEFENDANTS PEOPLES CHOICE HOME LOAN, INC., a Wyoming Corporation, WILSHIRE CREDIT CORP., a Nevada Corporation, M C FUNDING INC., a California Corporation, OCEAN CAPITAL HOME LOANS CORP., a California Corporation, and DOES 1 THROUGH 10
(b) County of Residence of First Listed Plaintiff (Except in U.S. Plaintiff Cases): Orange, California	County of Residence of First Listed Defendant (In U.S. Plaintiff Cases Only): Orange County, California
(c) Attorneys (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.) Law Offices of Timothy G. McFarlin, PLC 18881 Von Karman Avenue, Suite 760 Irvine, CA 92612 (949) 206-0400	Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an X in one box only.) <input type="checkbox"/> 1 U.S. Government Plaintiff <input checked="" type="checkbox"/> 3 Federal Question (U.S. Government Not a Party) <input type="checkbox"/> 2 U.S. Government Defendant <input type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)	III. CITIZENSHIP OF PRINCIPAL PARTIES - For Diversity Cases Only (Place an X in one box for plaintiff and one for defendant.) <table style="width:100%; border: none;"> <tr> <td style="width:30%;"></td> <td style="width:10%; text-align: center;">PTF</td> <td style="width:10%; text-align: center;">DEF</td> <td style="width:40%;"></td> <td style="width:10%; text-align: center;">PTF</td> <td style="width:10%; text-align: center;">DEF</td> </tr> <tr> <td>Citizen of This State</td> <td align="center"><input type="checkbox"/> 1</td> <td align="center"><input type="checkbox"/> 1</td> <td>Incorporated or Principal Place of Business in this State</td> <td align="center"><input type="checkbox"/> 4</td> <td align="center"><input type="checkbox"/> 4</td> </tr> <tr> <td>Citizen of Another State</td> <td align="center"><input type="checkbox"/> 2</td> <td align="center"><input type="checkbox"/> 2</td> <td>Incorporated and Principal Place of Business in Another State</td> <td align="center"><input type="checkbox"/> 5</td> <td align="center"><input type="checkbox"/> 5</td> </tr> <tr> <td>Citizen or Subject of a Foreign Country</td> <td align="center"><input type="checkbox"/> 3</td> <td align="center"><input type="checkbox"/> 3</td> <td>Foreign Nation</td> <td align="center"><input type="checkbox"/> 6</td> <td align="center"><input type="checkbox"/> 6</td> </tr> </table>		PTF	DEF		PTF	DEF	Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	<input type="checkbox"/> 4	<input type="checkbox"/> 4	Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5	Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6
	PTF	DEF		PTF	DEF																				
Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	<input type="checkbox"/> 4	<input type="checkbox"/> 4																				
Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5																				
Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6																				

IV. ORIGIN (Place an X in one box only.)

1 Original Proceeding
 2 Removed from State Court
 3 Remanded from Appellate Court
 4 Reinstated or Reopened
 5 Transferred from another district (specify):
 6 Multi-District Litigation
 7 Appeal to District Judge from Magistrate Judge

V. REQUESTED IN COMPLAINT: JURY DEMAND: Yes No (Check 'Yes' only if demanded in complaint.)

CLASS ACTION under F.R.C.P. 23: Yes No **MONEY DEMANDED IN COMPLAINT: \$ 1,500,000**

VI. CAUSE OF ACTION (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.)
 TILA(15 U.S.C. Sec. 1601, et. seq.), RESPA (12 U.S.C. Sec. 2601, et. seq.): Defendants failed to comply with TILA and RESPA, and are now attempting to effectuate an unlawful foreclosure.

VII. NATURE OF SUIT (Place an X in one box only.)

OTHER STATUTES	CONTRACT	TORTS	TORTS	PRISONER	LABOR
<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc. <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/Commodities /Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Act <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Info. Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes	<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loan (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Fed. Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury-Med Malpractice <input type="checkbox"/> 365 Personal Injury-Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability	PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input checked="" type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability BANKRUPTCY <input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 CIVIL RIGHTS <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 American with Disabilities - Employment <input type="checkbox"/> 446 American with Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	PETITIONS <input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus/Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition FORFEITURE/PENALTY <input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs <input type="checkbox"/> 660 Occupational Safety /Health <input type="checkbox"/> 690 Other	<input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS-Third Party 26 USC 7609

VIII(a). IDENTICAL CASES: Has this action been previously filed and dismissed, remanded or closed? No Yes

If yes, list case number(s):

FOR OFFICE USE ONLY: Case Number: SA CV 06-1074 AG(MLGX)

UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET

AFTER COMPLETING THE FRONT SIDE OF FORM CV-71, COMPLETE THE INFORMATION REQUESTED BELOW.

VIII(b). RELATED CASES: Have any cases been previously filed that are related to the present case? No Yes

If yes, list case number(s): _____

Civil cases are deemed related if a previously filed case and the present case:

- (Check all boxes that apply) A. Arise from the same or closely related transactions, happenings, or events; or
- B. Call for determination of the same or substantially related or similar questions of law and fact; or
- C. For other reasons would entail substantial duplication of labor if heard by different judges; or
- D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

IX. VENUE: List the California County, or State if other than California, in which EACH named plaintiff resides (Use an additional sheet if necessary)

Check here if the U.S. government, its agencies or employees is a named plaintiff.

PAUL BENNETT: Orange County California
LESLIE BENNETT: Orange County California

List the California County, or State if other than California, in which EACH named defendant resides. (Use an additional sheet if necessary).

Check here if the U.S. government, its agencies or employees is a named defendant.

PEOPLES CHOICE HOME LOAN, INC.: Wyoming
WILSHIRE CREDIT CORP.: Nevada
M C FUNDING INC.: Orange County California
OCEAN CAPITAL HOME LOANS CORP.: Orange County California

List the California County, or State if other than California, in which EACH claim arose. (Use an additional sheet if necessary)

Note: In land condemnation cases, use the location of the tract of land involved.

Orange County California: All Claims

X. SIGNATURE OF ATTORNEY (OR PRO PER):  Date 11-03-06

Notice to Counsel/Parties: The CV-71 (JS-44) Civil Cover Sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law. This form, approved by the Judicial Conference of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed but is used by the Clerk of the Court for the purpose of statistics, venue and initiating the civil docket sheet. (For more detailed instructions, see separate instructions sheet.)

Key to Statistical codes relating to Social Security Cases:

Nature of Suit Code	Abbreviation	Substantive Statement of Cause of Action
861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405(g))
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405(g))
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. (g))

FILED

2006 NOV -8 AM 10: 16

CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
SANTA ANA

BY: _____

1 Timothy G. McFarlin (CBN: 223378)
2 LAW OFFICES OF TIMOTHY G.
3 MCFARLIN, PLC
4 18881 Von Karman Avenue
5 Suite 760
6 Irvine, CA 92612
7 Telephone: (949) 206-0400
8 Facsimile: (949) 206-0404
9 tim@mcfarlinlaw.com

6 Attorneys for Plaintiff

8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA- SANTA ANA DIVISION

SA CV 06-1074 AG(MLGx)

11 PAUL BENNETT and LESLIE BENNETT

Case No.: _____

12 Plaintiff,

13 vs.

VERIFIED COMPLAINT FOR DAMAGES

14 PEOPLES CHOICE HOME LOAN, INC., a
15 Wyoming Corporation, WILSHIRE CREDIT
16 CORP., a Nevada Corporation, M C FUNDING
17 INC, a California Corporation, OCEAN
18 CAPITAL HOME LOANS CORP, a California
19 Corporation, and DOES 1 THROUGH 10,

JURY TRIAL DEMAND

Defendants.

19 Plaintiffs Paul and Leslie Bennett complain and allege as follows:

20 I. Preliminary Statement

- 21 1. This defensive affirmative complaint is filed against PEOPLES CHOICE HOME LOAN,
22 INC., a Wyoming Corp., WILSHIRE CREDIT CORP., a Nevada Corporation, M C
23 FUNDING, INC., a California Corporation, OCEAN CAPITAL HOME LOANS, CORP., a
24 California Corporation and DOES 1 – 10 (collectively “Defendants”): a) to enforce a
25 rescission by way of recoupment and set-off; b) for reimbursement of all fees and costs paid
26 and expended in a consumer credit transaction pursuant to violations of the Truth in Lending
27 Act violations, 15 U.S.C. §§ 1601 et seq. (“TILA”), and its implementing regulations at 12
28 C.F.R. § 226 et seq. (Reg. Z); c) for violations of the Real Estate Settlement Procedures

LAW OFFICES OF TIMOTHY G. MCFARLIN
A Professional Law Corporation

1 Timothy G. McFarlin (CBN: 223378)
LAW OFFICES OF TIMOTHY G.
2 MCFARLIN, PLC
18881 Von Karman Avenue
3 Suite 760
Irvine, CA 92612
4 Telephone: (949) 206-0400
Facsimile: (949) 206-0404
5 tim@mcfarlinlaw.com

6 Attorneys for Plaintiff

7
8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA- SANTA ANA DIVISION**
10

11 PAUL BENNETT and LESLIE BENNETT

12 Plaintiff,

13 vs.

14 PEOPLES CHOICE HOME LOAN, INC., a
Wyoming Corporation, WILSHIRE CREDIT
15 CORP., a Nevada Corporation, M C FUNDING
INC, a California Corporation, OCEAN
16 CAPITAL HOME LOANS CORP, a California
Corporation, and DOES 1 THROUGH 10,

17 Defendants.
18

Case No.: _____

VERIFIED COMPLAINT FOR DAMAGES

JURY TRIAL DEMAND

19 Plaintiffs Paul and Leslie Bennett complain and allege as follows:

20 **I. Preliminary Statement**

- 21 1. This defensive affirmative complaint is filed against PEOPLES CHOICE HOME LOAN,
22 INC., a Wyoming Corp., WILSHIRE CREDIT CORP., a Nevada Corporation, M C
23 FUNDING, INC., a California Corporation, OCEAN CAPITAL HOME LOANS, CORP., a
24 California Corporation and DOES 1 – 10 (collectively “Defendants”): a) to enforce a
25 rescission by way of recoupment and set-off; b) for reimbursement of all fees and costs paid
26 and expended in a consumer credit transaction pursuant to violations of the Truth in Lending
27 Act violations, 15 U.S.C. §§ 1601 et seq. (“TILA”), and its implementing regulations at 12
28 C.F.R. § 226 et seq. (Reg. Z); c) for violations of the Real Estate Settlement Procedures

LAW OFFICES OF TIMOTHY G. MCFARLIN
A Professional Law Corporation

LAW OFFICES OF TIMOTHY G. MCFARLIN
A Professional Law Corporation

1 Act, 12 U.S.C. § 2605 (“RESPA”), including punitive damages; and d) to rescind and cancel
2 a security interest. A rescission action may be brought against an assignee, regardless of
3 whether the assignee is a “creditor” or whether the violation was apparent on the face of the
4 disclosure statement under 15 U.S.C. § 1641(c).

- 5 2. All claims amount to a serious breach of Defendants’ fiduciary duties and will result in an
6 irregular and wrongful forced sale foreclosure. Plaintiffs also seek declaratory and injunctive
7 relief to further restrain Defendants under Cal. Business and Professions Code § 17200, *et*
8 *seq.* referred to as the Unfair Competition Law Unfair (“UCL”) under California Statutes,
9 common law fraud, misrepresentation and deceit, against Defendants herein. All such
10 California claims are properly asserted under this Court’s pendent or supplemental
11 jurisdiction.

12 **II. Parties**

- 13 3. Plaintiffs Paul Bennett and Leslie Bennett (hereinafter “Plaintiffs”) are natural persons, as
14 that term is defined under 15 U.S.C. § 1602(h). They are US citizens domiciled in
15 California, the owners of the principle dwelling commonly known as 107 Avenida San
16 Dimas, San Clemente, California 92672 (the “Property”), and at all times relevant and
17 material hereto, have resided on the Property as their home.
- 18 4. Defendant PEOPLES CHOICE HOME LOAN, INC., a Wyoming Corp., (hereinafter
19 “Peoples Choice”) is doing business in this forum with its principal office in California.
20 Peoples Choice is creditor as that term is defined under 15 U.S.C. § 1602(f) and 12 C.F.R. §
21 226.2(a)(17) and at all times relevant hereto is regularly engaged in the business of extending
22 consumer credit for which a finance charge is or may be imposed and is payable in more than
23 four installment by written agreement. This Defendant may be served with service of
24 process by serving its statutory agent in California c/o Neil B. Kornswiet, 7515 Irvine Center
25 Dr., Irvine California 92618 and the officer in charge with the same principal address.
- 26 5. Defendant WILSHIRE CREDIT CORP. (hereinafter “Wilshire Credit”) is A Nevada
27 Corporation, doing business in California, with a registered principal office designated in
28 Portland, Oregon. This Defendant may be served with service of process by serving its

LAW OFFICES OF TIMOTHY G. MCFARLIN
A Professional Law Corporation

1 statutory agent in California c/o CORPORATION SERVICE COMPANY which does
2 business in California as CSC - LAWYERS INCORPORATING SERVICE, P.O. Box
3 526036, Sacramento, California 95852 and by serving its officer in charge under Oregon
4 statutes at P.O. Box 8517, Portland Oregon.

5 6. Defendant M C FUNDING INC (hereinafter the "Broker") is duly registered and doing
6 business with a principal office in California. This Defendant may be served with service of
7 process by serving the officer in charge and its statutory agent c/o M C FUNDING INC,
8 ATTN: Michael H. Chung, 20 Corporate Park, Suite 175, Irvine, California 92606.

9 7. Defendant OCEAN CAPITAL HOME LOANS CORP., is duly registered and doing business
10 with a principal office in California. This Defendant may be served with service of process
11 by serving the officer in charge and its statutory agent c/o OCEAN CAPITAL HOME
12 LOANS CORP., ATTN: Peter M. Gates, 18001 Skypark Circle, Suite L, Irvine California
13 92614.

14 III. Jurisdiction/Venue

15 8. This Court has Jurisdiction in this proceeding under 28 U.S.C. § 1331 as follows: a) pursuant
16 to 15 U.S.C. § 1640(e) for TILA claims; b) pursuant to 12 U.S.C. § 2614 for RESPA claims;
17 and c) pursuant to 28 U.S.C. § 1367 for supplemental jurisdiction of Plaintiffs' state law
18 claims as they are so related to the claims within the Court's original jurisdiction that they
19 form part of the same case or controversy under Article 3 of the United States Constitution.
20 The Court has authority to issue a declaratory judgment by virtue of 28 U.S.C. § 2201.
21 Furthermore, counts arising under contract, common law, and the law of conveyances in real
22 property are properly asserted under this Court's pendent jurisdiction.

23 9. Venue is proper in this district pursuant to 28 U.S.C. §§ 1391 generally because the real
24 property and all, or a substantial portion, of the events and claims (which form the subject of
25 this suit) are situated or occurred in the Central District of California. Further,
26 communications notifying Plaintiffs of foreclosure and election to sell under the security
27 instrument conveyed and enforced by Defendants occurred in this District, and Defendants
28 principal businesses (or a substantial portion of such) are within the forum state of California.

LAW OFFICES OF TIMOTHY G. MCFARLIN
A Professional Law Corporation

IV. Conditions Precedent

- 1
2 10. All conditions precedent have been performed or have occurred and TILA violations may
3 now be asserted defensively due to the non-judicial foreclosure filing and election to sell and
4 as a recoupment or set-off pursuant 15 U.S.C. 1637 *et seq.* “This subsection [providing for
5 the one year statute of limitations] does not bar a person from asserting a violation of this
6 subchapter in an action to collect a debt which was brought more than one year from the date
7 of the occurrence of the violation as a matter of defense by recoupment or set-off in such
8 action” (15 U.S.C. § 1640[e]), *Delta Funding Corp. v. Murdaugh*, 6 A.D.3d 571, 774 N.Y.S.
9 2d 797(2nd Dept. 2004); *McNinch v. Mortgage America, Inc. (In re McNinch)*, 250 B.R. 848
10 (Bankr. W.D. Pa. 2000).
- 11 11. The mere loss of a statutory right to disclosure is an injury that gives the consumer standing
12 for Article III purposes, *DeMando v. Morris*, 206 F.3d 1300 (9th Cir. 2000).
- 13 12. Plaintiff has standing as of the date of the contract and where the contract is a federally
14 related mortgage transaction (hereinafter the “Transaction”) governed by TILA and due to
15 the non-judicial foreclosure filing entitled “Notice of Default and Election to Sell Under
16 Deed of Trust” recorded in the official records in the County of Orange, a true and correct
17 copy of which attached is hereto as PLAINTIFFS EXHIBIT 1.

V. Statement of Facts

- 18
19 13. On or about July 15, 2005 Plaintiffs submitted an application over the telephone to a
20 gentleman named Ron Fryberger identified by his business card and employment with
21 Defendant OCEAN CAPITAL HOME LOANS CORP.
- 22 14. Defendant OCEAN CAPITAL HOME LOANS CORP. in concert with and pursuant to some
23 business relationship submitted the proposed application to Defendant M C FUNDING INC.
24 (the “Broker”) and agreed verbally to compensate OCEAN CAPITAL HOME LOANS
25 CORP. as their Broker and as their agent for procuring the best possible mortgage loan, a true
26 and correct copy of the first page of such application was retained by Plaintiffs and is
27 attached hereto as PLAINTIFFS EXHIBIT 2, no other pages of said application were ever
28 provided to Plaintiff.

LAW OFFICES OF TIMOTHY G. MCFARLIN
A Professional Law Corporation

- 1 15. Upon information and belief the Broker did not verify Plaintiffs actual income, or debt
2 service obligations, nor did Broker attempt to authenticate Plaintiffs credit scores before
3 offering an extension of credit.
- 4 16. Ron Fryberger, the alleged loan officer for Defendant OCEAN CAPITAL HOME LOANS
5 CORP., specifically stated he could obtain the mortgage loan immediately at a certain
6 interest rate but it would cost Plaintiffs a substantial up front fee, to which Plaintiffs agreed.
- 7 17. The purported closing of the Transaction (hereinafter the "Closing") took place at the
8 Plaintiffs' home and was conducted by an alleged notary who brought numerous documents
9 for each Plaintiffs signature.
- 10 18. The Transaction was not created, or entered into, to finance the acquisition or initial
11 construction of Plaintiffs' dwelling.
- 12 19. Plaintiffs were provided the following documents, a true and correct copy of which are
13 attached hereto as exhibits as follows: a) an "Adjustable Rate Note" (PLAINTIFFS
14 EXHIBIT 3); b) a security instrument entitled "Deed of Trust" (PLAINTIFFS EXHIBIT 4);
15 c) a "Truth-In-Lending Disclosure Statement" (PLAINTIFFS EXHIBIT 5); c) a "Notice Of
16 Right To Cancel" (PLAINTIFFS EXHIBIT 6); d) an "Initial Disclosure Cover Letter"
17 (PLAINTIFFS EXHIBIT 7); e) a "Borrower's Estimated Closing Costs" (PLAINTIFFS
18 EXHIBIT 8); f) an "Itemization Of Amount Financed" (PLAINTIFFS EXHIBIT 9) and
19 various other documents.
- 20 20. Though PLAINTIFFS EXHIBIT 6 indicates an acknowledgment of receipt of "two copies of
21 NOTICE OF RIGHT TO CANCEL," however neither Plaintiff actually ever received a copy
22 of such.
- 23 21. PLAINTIFFS EXHIBIT 7 indicates the enclosure of certain documents, however, no "ARM
24 Program Disclosure," nor "HUD Settlement Costs Handbook," nor actual HUD - 1
25 Settlement Statement was ever provided.
- 26 22. Plaintiffs are entitled to the documents referenced above and to a Three-Day Cooling off
27 period in order to consider the risks and costs associated with this Transaction and to shop
28 and compare and evaluate the cost of this Transaction with other similar transactions

LAW OFFICES OF TIMOTHY G. MCFARLIN
A Professional Law Corporation

- 1 available in the marketplace.
- 2 23. Finance charges and other certain charges imposed by Defendants incident to the extension
- 3 of credit were not disclosed to Plaintiffs.
- 4 24. The amount financed was not accurately disclosed to Plaintiff.
- 5 25. Plaintiffs were not given the required three (3) day cooling off period prior to signing the
- 6 loan documents and consummating the Transaction at Closing.
- 7 26. Plaintiffs were not provided a HUD-1 Settlement Statement.
- 8 27. Plaintiffs were not provided a specific itemization of costs associated with the Transaction at
- 9 any time.
- 10 28. Defendants failed to utilize proper forms approved by the Federal Reserve Board and failed
- 11 to properly display Office of Management and Budget numbers.
- 12 29. Defendants failed to provide the Adjustable Rate Mortgage (hereinafter "ARM") brochure
- 13 with required HUD booklet on Adjustable Rate mortgages within three (3) days of
- 14 application, or any substitute in place of the Consumer Handbook on ARMs.
- 15 30. Defendants failed to provide an example and a calculation of the earliest time that the
- 16 maximum rate could be imposed so as to enable Plaintiffs to know the maximum payments
- 17 they will have to make.
- 18 31. Defendants failed to provide the required statement and disclosure explaining how to
- 19 calculate the actual monthly payment for a loan amount other than \$10,000.00.
- 20 32. Defendants failed to provide at the time of application a fifteen-year historical table, based on
- 21 an assumed \$10,000.00 initial extension of credit and showing how the APRs and payments
- 22 would have been affected by the index value changes under the plan, or alternatively, a
- 23 statement that the periodic payment may increase or decrease substantially.
- 24 33. Defendants did not provide to Plaintiffs a Model Form H-14, nor a model clause such as H-4.
- 25 34. Defendants failed to inform Plaintiffs that disclosure forms are available for other ARM loan
- 26 programs.
- 27 35. Defendants failed to direct Plaintiffs to ask for current rate information.
- 28 36. The Transaction required Plaintiffs to pay money arising out of a transaction in which

LAW OFFICES OF TIMOTHY G. MCFARLIN
A Professional Law Corporation

1 money, property, or goods and services were the subject thereof and the same were primarily
2 for personal, family and household purposes.

3 37. The Transaction is a Consumer Credit Transaction as that term is defined under 15 U.S.C. §
4 1602(h) and 12 C.F.R. § 226.2(a).

5 38. The Transaction is a Closed-end Credit Transaction as that term is defined in 12 C.F.R. §
6 226.2(10) where a security interest was retained in favor of Mortgage Electronic Registration
7 Systems, Inc. ("MERS") acting as a "nominee for Lender and Lender's successors and
8 assigns," see PLAINTIFFS EXHIBIT 4.

9 39. EXHIBITS 8 and 9 specifically indicate a "Yield Spread Premium paid by Lender POC
10 \$6950.00," i.e., a fee paid outside of Closing to Broker in the instant matter over and above
11 the fee paid out of the original loan principal.

12 40. A Yield Spread Premium is a lender's payment to a mortgage broker for increasing the loan
13 interest to a rate above "par," which is a rate higher than the rate at which the lender would
14 otherwise be willing to make the loan.

15 41. This payment generally supplements the fee already agreed upon, and being paid, by a
16 consumer to a broker for the broker's services.

17 42. Plaintiff has not ever met nor has any business relationship with the Broker

18 43. The Broker and Defendant OCEAN CAPITAL HOME LOANS CORP, unlawfully received
19 a payment outside of the Transaction to compensate the Broker for selling, or otherwise
20 transferring, this Transaction at a higher interest rate than the Plaintiffs could have otherwise
21 obtained in the marketplace.

22 44. The civil conspiracy between the Broker, Defendant OCEAN CAPITAL HOME LOANS
23 CORP and Defendant Peoples Choice fails to disclose the true cost by mathematically
24 comparing the actual dollar amount this ill gotten profit cost the Plaintiffs over the life of the
25 Transaction.

26 45. The payment provided by Defendant Peoples Choice to the Broker is a finance charge, a
27 kickback, a prohibited benefit to the Broker, and clearly does not improve the Plaintiffs
28 position but instead unlawfully inflates the costs of homeownership.

- 1 46. The Department of Housing and Urban Development clearly states that “any and all broker
2 compensation connected with the loan is in fact a cost to the Borrower.”
- 3 47. Subsequently, a letter from the Defendant Peoples Choice, dated January 6, 2006, notifies
4 Plaintiffs that the servicing and collection of payments has been sold or transferred to
5 Wilshire Credit.
- 6 48. Upon information and belief with respect to the Secondary Mortgage Market Enhancement
7 Act of 1984, Defendant Wilshire Credit has been designated as a Servicer under a Master
8 Pooling and Servicer Contract and whether MERS is still acting as “nominee for Lender and
9 Lender’s successors and assigns” or the true owners of this obligation remains unknown to
10 Plaintiffs.
- 11 49. Within six months after the Closing of the Transaction, Defendant Wilshire Credit deemed
12 the Plaintiffs in “default” and subsequently filed a “Notice of Default and Election to Sell,”
13 which was recorded by an unknown entity: Quality Loan Service Corp (see PLAINTIFFS
14 EXHIBIT 1).
- 15 50. On or about September 28, 2006, Plaintiffs sent a rescission Notice and Qualified Written
16 Request (hereinafter “Notice”) in the form of a letter, disputing the default, and the amount
17 alleged due and owing. Further, Plaintiffs’ Notice requested material, specific information
18 and documents. Such Notice was sufficient to invoke Plaintiffs rights under RESPA and
19 TILA, a true and correct copy of Plaintiffs “Notice” is attached hereto and incorporated
20 herein by reference as PLAINTIFFS EXHIBIT 10.
- 21 51. Additionally, the “true owners” of this Transaction (and record holders of the securities)
22 remains unknown to Plaintiffs. Plaintiffs have properly requested the name and address of
23 said legal owner(s), or holder(s) pursuant to 15 U.S.C. § 1641(f)(2). Defendant Wilshire
24 Credit has unlawfully refused to provide such information, to which Plaintiffs are clearly
25 entitled.
- 26 52. Defendant Wilshire Credit responded to Plaintiffs’ Notice, but said response is deficient in
27 that it: a) fails to invalidate the security instrument; b) fails to cease collection efforts; c) fails
28 to make appropriate corrections to this account; and d) fails to report accurate information to

LAW OFFICES OF TIMOTHY G. MCFARLIN
A Professional Law Corporation

1 credit reporting agencies, a true and correct copy of Defendant Wilshire Credit's response
2 (hereinafter "Response") is attached hereto as PLAINTIFFS EXHIBIT 11.

3 53. Defendant Wilshire Credit failed to provide the name and address of the true owner of the
4 securities as requested by Plaintiffs in their rescission notice and QWR.

5 54. Additionally, it is noteworthy that in the above-referenced Response from Defendant
6 Wilshire Credit dated October 25, 2006, "additional time to make the inquiries about this
7 matter" is requested. The estimated time for a proper response is the "middle of November."
8 Immediately after sending the Response, Defendant Wilshire caused a "Notice of Trustee's
9 Sale," dated October 26, 2006, to be filed and recorded with the Orange County Recorder
10 setting a sale date of "11/16/06 at 2:00 PM," a true and correct copy of such Notice of
11 Trustee's Sale is attached hereto as PLAINTIFFS EXHIBIT 12. Such "Notice of Trustee's
12 Sale" was posted at Plaintiffs' residence on or about November 2, 2006.

13 55. According to Defendant Wilshire's own documents (PLAINTIFFS EXHIBITS 11 and 12),
14 the Trustee's Sale will be conducted before a proper response to Plaintiffs' Notice and
15 Qualified Written Request is provided.

16 56. According to Defendant Wilshire's own documents (PLAINTIFFS EXHIBITS 11 and 12), a
17 wrongful foreclosure is planned for (and will take place) November 16, 2006 at 2:00 PM in
18 violation of both state and federal law. It would be difficult for one to conceive of a more
19 obvious and egregiously willful violation of TILA and RESPA.

20 **VI. Claims for Relief**

21 **Count I – TILA**

22 57. The original payee of the note and beneficiary of all other documents at a purported Closing
23 with Defendants acted in violation of TILA 15 U.S.C. § 1601 *et seq.* and Reg. Z in the
24 following particulars, each and all of which may be asserted now affirmatively and
25 defensively by Plaintiffs as a result of the non-judicial foreclosure.

26 58. The TILA disclosure statement issued in conjunction with this consumer credit transaction
27 violated the requirements of Truth in Lending and Regulation Z in the following and other
28 respects:

LAW OFFICES OF TIMOTHY G. MCFARLIN
A Professional Law Corporation

- 1 a. By failing to provide the required disclosures prior to consummation of the
- 2 transaction in violation of 15 U.S.C. § 1638(b) and Regulation Z § 226.17(b);
- 3 b. By failing to make required disclosures clearly and conspicuously in writing in
- 4 violation of 15 U.S.C. § 1632(a) and Regulation Z § 226.17(a);
- 5 c. By failing to include in the finance charge and certain charges imposed by
- 6 Defendants payable by Plaintiff incident to the extension of credit as required by 15
- 7 U.S.C. § 1605 and Regulation Z § 226.4, thus improperly disclosing the finance
- 8 charge in violation of 15 U.S.C. § 1638(a)(3) and Regulation Z § 226.18(d);
- 9 d. By failing to properly and accurately disclose the Amount Financed;
- 10 e. By failing to provide Plaintiffs with the required 3 day cooling off period prior to the
- 11 signing of the loan documents. A complete set of loan documents were never
- 12 provided to Plaintiffs for review in violation of U.S.C. 15 § 1601 *et seq.*;
- 13 f. Defendants failed to provide two copies of the "Notice of Right to Cancel" at the time
- 14 the Transaction was consummated to each Plaintiff under U.S.C. 15 § 1635(a);
- 15 g. By failing to provide a HUD -1 Settlement Statement, Defendants failed to provide:
- 16 1) the total sale price of the transaction; 2) the proper interest rate; and 3) a label or
- 17 classification or identification for each of the charges on the Settlement Statement in
- 18 violation of Reg. Z § 226.18(j);
- 19 h. By failing to provide Plaintiffs an itemization of the HUD-1 disclosures, in violation
- 20 of 15 U.S.C. § 1638(a)(2)(B);
- 21 i. By failing to provide required statements in the loan documents in violation of 15
- 22 U.S.C. § 1639 (a)(1)(A)(B);
- 23 j. By failing to use proper forms, approved by the Federal Reserve Board, as required
- 24 by Reg. Z, § 226 *et seq.*, further, the forms used by Defendants failed to properly
- 25 display Office of Management and Budget ("OMB") numbers;
- 26 k. By failing to provide the name and address of the true owner of the Transaction when
- 27 requested to do so in Plaintiffs QWR pursuant to 15 U.S.C. § 1641(f)(2);
- 28 l. By failing to provide the ARM brochure with required HUD booklet on Adjustable

LAW OFFICES OF TIMOTHY G. MCFARLIN
A Professional Law Corporation

1 Rate Mortgages within 3 days of application when the application was given to the
2 Plaintiffs under Reg. Z § 226.19(b) or a suitable substitute in place of the Consumer
3 Handbook on ARMs developed by the Federal Reserve Board (“FRB”) all contrary to
4 Reg. Z § 226.19(b), this violation gives rise to both statutory and actual damage
5 remedies because the required variable rate disclosures is considered an integral part
6 of the disclosure of the APR.

- 7 m. By failing to provide the ARM brochure any statement that variable rate disclosures
8 have been provided under Reg. Z 226.18(f)(2) is false and therefore unlawful;
- 9 n. By failing to provide an example and a calculation of the earliest time that the
10 maximum rate could be imposed so as to enable Plaintiffs to know the maximum
11 payments they will have to make in violation of Reg. Z § 226.19(b)(2)(viii)(A);
- 12 o. By failing to provide the required statement and disclosure explaining how to
13 calculate the actual monthly payment for a loan amount other than \$10,000.00 in
14 violation of Reg. Z § 226.19(b)(2)(ix) (based on the history of the specific index or
15 formula to be used in the loan program and the index values used in the example
16 reflecting the most recent fifteen years of index values as outlined in Reg. Z §
17 226.19(b)(2)(viii)(A));
- 18 p. By failing to provide at the time of application a fifteen-year historical table, based on
19 an assumed \$10,000 initial extension of credit and showing how the APRs and
20 payments would have been affected by the index value changes under the plan
21 pursuant to 15 U.S.C 1638 or, alternatively, a statement that the periodic payment
22 may increase or decrease substantially under Reg. Z § 226.19(b)(2)(viii)(B); further,
23 Defendants did not provide a Model Form H-14 under Reg. Z § 226.19(b)(2) nor a
24 model clause such as H-4;
- 25 q. By failing to provide a notice to Plaintiffs that disclosure forms are available for
26 Defendants’ other ARM loan programs, if in fact such programs are available, for
27 other closed-end ARM options, Reg. Z § 226.19(b)(2)(xiii);
- 28 r. Defendants violated Reg. Z § 226.19(b)(2)(iv) by failing to direct Plaintiffs to ask for

LAW OFFICES OF TIMOTHY G. MCFARLIN
A Professional Law Corporation

1 current rate information. Since disclosure forms can be preprinted, making
2 information out of date, potential borrowers must be told to ask about the current
3 index value, margin, discount or premium (if applicable) and the APR;

- 4 s. By failing to disclose that Yield Spread Premium was included in the Finance Charge.
5 A Yield Spread Premium is considered a cost of credit by Reg. Z § 226.4(a), and
6 must be included in the finance charge disclosure because it is a charge imposed
7 directly or indirectly by the creditor and is incident to, or a condition of, the extension
8 of credit. Reg. Z Section 226.4(a) Reg. Z 226.4(a)(1) states that the lenders who
9 impose other fees passed on to third parties directly or indirectly (if it is the
10 Defendants who require the services) must disclose such fees;
- 11 t. By failing to disclose to Plaintiffs that borrowers (such as Plaintiffs) are to put the
12 YSP in the up front Broker Fee. This failure constitutes an undisclosed and material
13 finance charge in violation of 15 U.S.C. § 1602(u).

14 **Rescission Claim**

- 15 59. As a result of Defendants failure to provide accurate finance charge information, and failure
16 to provide all material disclosures (with proper Notice of Right of Rescission described
17 above), Plaintiffs are entitled to, and have, rescinded the Transaction.
- 18 60. Rescission of the Transaction extinguishes any liability Plaintiffs may have had to
19 Defendants for finance or other charges arising from the Transaction.
- 20 61. Defendants failure to take action to reflect the termination of the security interest in the
21 Property within twenty (20) days of the rescission of the Transaction releases the Plaintiff
22 from any liability whatsoever to Defendants arising from the Transaction.

23 **Additional TILA Damages**

- 24 62. Defendant Wilshire Credit failed to take all necessary steps to terminate its security interest
25 in the Property and otherwise comply with the September 28, 2006 Rescission Letter, and as
26 such violated TILA. Further Defendant Wilshire Credit in fact refused or willfully evaded
27 the notice to rescind, and acted unlawfully in dealings with Plaintiffs regarding the rescission
28 process.

1 63. Defendant Wilshire Credit is civilly liable to the Plaintiff under 15 U.S.C. §1640 for its
2 failure to comply with the Truth-In-Lending Act following receipt of Plaintiffs Rescission
3 Letter.

4 **TILA Recoupment Claim**

5 64. Due to the failure to provide all required TILA material disclosures, as that term is defined
6 under 15 U.S.C. § 1602(u), including the Notice of Right of Rescission, described above (as
7 distinguished from Defendants violation of TILA by failing to comply with the Plaintiffs'
8 Rescission Letter), Plaintiffs are entitled to recoup the actual and statutory civil penalty
9 provided by 15 U.S.C. §1640 against any claim which may be allowed in favor of
10 Defendants.

11 **Count II – RESPA & Recoupment Claim**

12 65. Defendants failed to provide detail regarding document preparation fees and unlawfully
13 charged Plaintiffs a document preparation fee for TILA or HUD-1 Settlement Statement
14 (which was never provided to Plaintiffs) in violation of 12 U.S.C. § 2610.

15 66. No HUD Booklet on loans was timely provided, within 3 days of application in violation of
16 12 U.S.C. § 2604 *et seq.*

17 67. Defendants payment of Yield Spread Premium of \$6950 to Defendant M C Funding Inc.
18 constituted an illegal referral fee or “kickback” in violation of 12 U.S.C. §1207(a).

19 68. Defendants are liable to the Plaintiffs pursuant to 12 U.S.C. § 1207(d) for three times the
20 amount paid for this settlement service, plus attorney fees, and cost.

21 69. Defendant Wilshire Credit is liable by virtue of its alleged assignment or alleged ownership
22 of this Transaction.

23 70. On September 28, 2006 Plaintiffs sent Defendant Wilshire Credit a “qualified written
24 request” as that term is defined under RESPA, 12 U.S.C. § 2605(e)(1)(B), regarding the
25 crediting of payments on their mortgage account.

26 71. In the qualified written request, the Plaintiffs specified reasons for their belief that the
27 account was not in default and requested that Defendant Wilshire Credit correct the error.
28 Plaintiffs also requested this Defendant provide them with information and documentation

LAW OFFICES OF TIMOTHY G. MCFARLIN
A Professional Law Corporation

LAW OFFICES OF TIMOTHY G. MCFARLIN
A Professional Law Corporation

- 1 supporting its claim that the Plaintiffs' account was in default.
- 2 72. Defendant Wilshire Credit violated RESPA, 12 U.S.C. § 2605(e)(2)(A), by failing to make
3 appropriate corrections to the Plaintiffs' account in response to the qualified written request,
4 including the crediting of any late charges or penalties, and failing to transmit written notice
5 of such corrections to Plaintiff.
- 6 73. Defendant Wilshire Credit violated RESPA, 12 U.S.C. § 2605(e)(2) by refusing to cease its
7 collection efforts and foreclosure proceedings after receiving Plaintiffs' qualified written
8 request, and, in fact, escalated its efforts to unlawfully foreclose on Plaintiffs' property
9 unlawfully.
- 10 74. Upon information and belief, Defendant Wilshire Credit violated RESPA, 12 U.S.C. §
11 2605(e)(3), by providing information to consumer reporting agencies regarding overdue
12 payments allegedly owed by the Plaintiff that were related to (and the subject matter of) their
13 qualified written request.
- 14 75. Defendant Wilshire Credit has willfully engaged in a pattern or practice of non-compliance
15 with the requirements of the mortgage servicer provisions of RESPA as set forth in 12 U.S.C.
16 § 2605.
- 17 **Count III - Cal. Business and Professions Code § 17200 et seq. Recoupment Claims**
- 18 76. Plaintiff realleges and incorporates herein by reference the foregoing allegations set forth
19 above.
- 20 77. Plaintiff brings this action as a private attorney general acting on behalf of the general public,
21 pursuant to Cal. Business and Professions Code § 17200, et seq. referred to as the Unfair
22 Competition Law (hereinafter "UCL").
- 23 78. Plaintiff is acting in a representative capacity to remedy the ongoing unlawful, unfair and
24 fraudulent business practices alleged herein, and to seek injunctive relief and restitution on
25 behalf of all those persons who have been and are being affected thereby.
- 26 79. The UCL defines unfair competition to include any unlawful, unfair, or fraudulent business
27 act or practice and provides that a court may order injunctive relief and restitution to affected
28 members of the general public as remedies for any violations of the UCL.

LAW OFFICES OF TIMOTHY G. MCFARLIN
A Professional Law Corporation

1 80. Beginning on an exact date unknown to Plaintiff, but at all times relevant herein, Defendants
2 and the Doe Defendants have committed acts of unfair competition proscribed by the UCL
3 including the practices alleged herein. Numerous California consumers are customers of
4 Defendants who have been subject to these unlawful, unfair, and fraudulent practices.
5 Defendants committed each of the violations enumerated above against members of the
6 general public, in addition to Plaintiff.

7 81. Beginning on or about four years prior to the filing of the complaint in this action, and
8 continuing thereafter, Defendants have been systematically violating the provisions of TILA
9 and RESPA.

10 82. These violations are and were a matter of Defendants corporate policy, and constitute a
11 consistent pattern and practice of unlawful corporate behavior.

12 83. The business acts and practices of Defendants, as hereinabove alleged, constitute "unlawful"
13 business practices under UCL in that, for the reasons set forth above, said acts and practices
14 violate the provisions of TILA and RESPA.

15 84. The business acts and practices of Defendants, as hereinabove alleged, constitute "unfair"
16 business practices under UCL in that said acts and practices offend public policy and are
17 substantially injurious to consumers. Said acts and practices have no utility that outweighs
18 the substantial harm to consumers and potential homeowners.

19 85. In the course of this Transaction, each Defendant made one or more misrepresentations
20 and/or failed to make accurate representations and/or failed to provide material information
21 about the transactions as set forth more fully above.

22 86. Specifically Defendants: a) processed the Transaction at higher rate than Plaintiffs could
23 have otherwise obtained in the marketplace; b) substantially and unlawfully amended
24 material disclosures under TILA; c) failed to properly apply rescission under TILA; d) failed
25 to properly allocate a YSP; e) failed to properly evaluate Plaintiffs' ability to pay for the
26 extension of credit; and f) are involved in a civil conspiracy to provide credit based upon the
27 assets of borrowers and their willingness to pay unlawful up front fees notwithstanding their
28 ability to make monthly mortgage payments..

- 1 87. Said misrepresentations, and failure to disclose relevant material information, were made
2 knowingly or with reason to know that Plaintiff would rely thereon..
- 3 88. Said misrepresentations, and failure to make accurate representations, were material to the
4 Transaction from origination to present.
- 5 89. Said misrepresentations and failure to make accurate representations were made with actual
6 intent and Plaintiffs relied thereon by seeking legal counsel and filing the instant claim for
7 relief.
- 8 90. Plaintiffs did reasonably rely as specified in these factual allegations.
- 9 91. Plaintiffs were thereby damaged and have a substantial ascertainable loss.
- 10 92. The business acts and practices of Defendants, as hereinabove alleged, constitute
11 “fraudulent” business practices under UCL in that said acts and practices are likely to (and
12 infact intended to) deceive the general public and affected consumers’ legal rights and
13 obligations. By use of such deception, falsification of documents, and concealment, preclude
14 consumers from exercising (or even becoming aware of) legal rights to which they are
15 entitled.
- 16 93. The unlawful, unfair and fraudulent business acts and practices of Defendants described
17 herein present a continuing threat to members of the general public in that Defendants, and
18 Doe Defendants, are currently engaged in such acts and practices, and will persist and
19 continue to do so with impunity unless and until an injunction is issued by this Court.
- 20 94. Pursuant to UCL and Business & Professions Code § 17203, Plaintiff seeks an order
21 enjoining Defendants from engaging in the acts and practices as hereinabove alleged, and
22 ordering that Defendants disgorge all ill-gotten gains and provide appropriate restitution to
23 all affected consumers.
- 24 95. Plaintiff seeks recovery of attorneys’ fees, costs and expenses incurred in the filing and
25 prosecution of this action pursuant to Code of Civil Procedure § 1021.5 and any other
26 applicable law. [Authorities: FTC has specifically held that violations of the Federal Truth
27 in Lending, Federal Reserve Board’s Regulation Z and the TILA act are unfair and deceptive
28 practices under the FTC act. Courts in many states have held that a creditor who violates

LAW OFFICES OF TIMOTHY G. MCFARLIN
A Professional Law Corporation

1 TILA also violates the state UDAP statute, see *Cheshire Mortgage v. Montes*, 612 A.2d 1130
2 (Conn. 1992); *W.S. Badcock Corp. v. Myers*, 696 So. 2d 776 (Fla. Dist Ct. app. 1997);
3 *Commonwealth ex rel. Zimmerman v. Nickel*, 26 Pa. D. & C.3d 115 (C.P. Mercer, City,
4 1983) (failure to provide Truth in Lending rescission notice is violation of state UDAP
5 statute).

6 **Count IV - Breach of Agreement /Wrongful Foreclosure Claims**

7 96. Plaintiff incorporates the factual allegations listed above as if fully set forth herein.

8 97. The above stated violations amount to a serious breach of fiduciary duties of Defendant
9 Peoples Choice and Defendant M C Funding. Additionally, breach of the original security
10 instrument and associated contract obligations give rise to liability on the part of Defendant
11 Wilshire Credit by virtue of the transferee relationship with the other Defendants; all liability
12 now attaches to Defendant Wilshire Credit through the previously discussed assignment of
13 interest. All Defendants have breached covenants obligations to Plaintiffs' detriment,
14 resulting in substantial damages.

15 98. PLAINTIFFS EXHIBIT 1 specifies MERS as a nominee for the beneficiary People's Choice
16 Home Loan, yet the recorded document also states Quality Loan Service Corp. is acting on
17 behalf of the beneficiary Wilshire Credit Corporation. This inherent contradiction on the
18 face of the document invalidates the document as improper and materially misleading. Any
19 action taken pursuant to such is clearly wrongful.

20 99. These alleged creditors would have to be the owner of the obligation, or specifically
21 authorized pursuant to a Master Pooling and Servicer contract, to enforce a security
22 instrument in a non-judicial foreclosure. Such overt disregard for proper procedures is
23 material to the instant matter.

24 100. These fictitious entities have failed to provide any nexus with the true owner of this
25 obligation and failed to demonstrate a right to enforce a security instrument evidenced by an
26 enforceable contract.

27 101. Further, the delivery of the "Notice of Default and Election to Sell", and the
28 subsequent "Notice of Trustee's Sale" is not in conformity with the original contract between

LAW OFFICES OF TIMOTHY G. MCFARLIN
A Professional Law Corporation

1 the parties (the deed of trust and related documents from Closing), and Defendant Wilshire
2 Credit (and it's agents and assignees) thereby breached such contract to Plaintiffs detriment,
3 resulting in damages.

4 102. Plaintiffs have not authenticated an instrument which designates Defendant Wilshire
5 Credit as a creditor and are unable to determine how this party became a real party in interest
6 sufficient to achieve a legal detriment or legal disability towards the alleged obligation
7 originated by Defendant Peoples Choice.

8 103. Failure to provide any nexus to the true owner entitled to enforce an alleged default
9 amounts to the unauthorized practice of law under California statutes [citation omitted] and
10 extrinsic fraud.

11 104. Defendants will proceed to conduct a substitute trustee's (foreclosure) sale on
12 November 16, 2006 despite having actual knowledge of defective notice to Plaintiff and an
13 invalid security instrument and various other claims of Plaintiffs' incidental to the note and
14 claimed liens.

15 105. The scheduled November 16, 2006 sale to be conducted by a substitute trustee of
16 Plaintiffs' Property would be wrongful and contrary to the explicit statutory requirements and
17 contract between the parties.

18 106. Said wrongful foreclosure constitutes a material change in the terms and conditions
19 and is contrary to the written obligations of all parties.

20 107. Said acts to proceed would violate good faith and the observance of reasonable
21 commercial standards of fair dealing under substantive law in California.

22 108. Plaintiffs have provided a proper dispute notice, as that term is defined under 15
23 U.S.C. § 1692 *et seq.*, and requested clarification of these multiple fictitious entities, copy of
24 the Plaintiffs notice is attached hereto and incorporated as if fully stated herein by reference
25 as PLAINTIFFS EXHIBIT 10.

26 **VII. Prayer For Relief**

27 **WHEREFORE**, Plaintiffs request the following relief from this Court:

28 A. Assume jurisdiction of this case and all claims associated therewith.

- 1 B. Declare that:
- 2 1. Plaintiffs validly rescinded the Transaction by their Rescission Letter;
- 3 2. Plaintiffs are not liable for any finance charge or other charges arising from
- 4 the transaction.
- 5 3. Plaintiffs have no liability whatsoever arising from the Transaction since
- 6 Defendants failed to take timely, appropriate action in response to the
- 7 Rescission Letter.
- 8 C. Order Defendants to terminate or permanently release any security interest in the
- 9 Property.
- 10 D. Enjoin Defendants during the pendency of this action, and permanently thereafter,
- 11 from instituting, prosecuting, or maintaining a non-judicial foreclosure proceeding on
- 12 the Plaintiffs' property, from recording any deeds or mortgages regarding the
- 13 property or from otherwise taking any steps to deprive Plaintiffs of ownership of the
- 14 property.
- 15 E. Order Defendants to return any money or property given by the Plaintiffs to anyone,
- 16 including all Defendants, in connection with the transaction, and additionally award
- 17 Plaintiffs treble damages under 12 U.S.C. § 1207(d) for three times the amount paid
- 18 for the unlawful settlement service;
- 19 F. Award Plaintiffs statutory damages consisting of \$2,000 for each disclosure violation,
- 20 and \$2,000 for each inclusion of a prohibited term or other non-disclosure violation;
- 21 G. Declare that Plaintiffs are entitled to recoup the statutory civil penalty of \$2,000,
- 22 provided by 15 U.S.C. § 1640(a) (2), as well as additional damages pursuant to 15
- 23 U.S.C. § 1640(a)(4) in the amount of all finance charges and fees paid by Plaintiffs,
- 24 for each and every non-disclosure violation;
- 25 H. Award Plaintiffs statutory damages for each disclosure violation, in the amount of
- 26 twice the finance charge in connection with this entire transaction, but not less than
- 27 \$2,000 per violation as provided under 15 U.S.C. § 1640(a), and relief under 15
- 28 U.S.C. §§ 1635(a), 1639(j), and 1640(a);

LAW OFFICES OF TIMOTHY G. MCFARLIN
A Professional Law Corporation

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

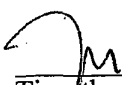
- I. Order that, since Defendants failed to respond to the Plaintiffs notice of rescission, Plaintiff has no duty to tender, but in the alternative, if tender is required, determine the amount of the tender obligation in light of all of Plaintiffs' claims, and order Defendants to accept tender on reasonable terms and over a reasonable period of time;
- J. Award Plaintiff actual and statutory damages, injunctive relief, restitution, and disgorgement of ill-gotten gains under California UCL;
- K. Award Plaintiff a reasonable attorney fee;
- L. Award Plaintiff any and all other such relief which the court deems proper in the interest of justice.

VIII – Jury Trial Demand

Pursuant to the seventh amendment to the Constitution of the United States of America, Plaintiff is entitled to, and hereby demands, a trial by jury.

Dated: November 6, 2006

THE LAW OFFICES OF TIMOTHY G. MCFARLIN, PLC

By: 
 Timothy G. McFarlin
 Attorney(s) for Plaintiffs Paul & Leslie Bennett

Declaration and Verification of Complaint by PAUL BENNETT

Regarding Bennett v. Wilshire Credit Corp., et. al.

I Paul Bennett, upon my oath, declare and say as follows:

1. I am a Plaintiff in this civil proceeding.
2. I have read the Civil Complaint prepared by my attorneys and I believe that all of the facts contained in it are true, to the best of my knowledge, information, and belief formed after reasonable inquiry.
3. I believe that this Civil Complaint is well grounded in fact and warranted by existing law or by a good faith argument for an extension, modification, or reversal of existing law.
4. I believe that this Civil Complaint is not interposed for any improper purpose, such as to harass any Defendant(s), cause unnecessary delay to any Defendant(s), or create a needless increase in the cost of litigation to any Defendant(s), named in the Complaint.
5. I have filed this Civil Complaint in good faith and solely for the purposes set forth.

I, Paul Bennett, declare the foregoing to be true and correct under penalty of perjury under the laws of the United States of America and the State of California.



Paul Bennett

11-5-06

Date Signed

EXHIBIT 1

SEP-14-2006 04:32P FROM:

TO: 2060404

P.1/2

Recorded In Official Records, Orange County

Tom Dady, Clerk-Recorder

9.00

2006000497959 11:53am 07/26/06

108 73 N15 2

0.00 0.00 0.00 0.00 3.00 0.00 0.00 0.00

LSI TITLE, FNDS DIVISION
Recording requested by:

When recorded mail to:

Quality Loan Service Corp.
319 Elm Street, 2nd Floor
San Diego, CA 92101

Space above this line for Recorder's use

TS No.: CA-06-62211-DL

Loan No.: 1652984

IMPORTANT NOTICE
NOTICE OF DEFAULT AND ELECTION TO SELL UNDER DEED OF TRUST

IF YOUR PROPERTY IS IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR PAYMENTS, IT MAY BE SOLD WITHOUT ANY COURT ACTION. 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 (normally five business days prior to the date set for the sale of your property). No sale may be set until three months from the date this notice of default is recorded (which date of recordation appears on this notice). This amount is **\$23,103.49** as of 7/26/2006 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 of 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 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.

To find out the amount you must pay, or arrange for payment to stop the foreclosure, or if your property is in foreclosure for any other reason, contact:

Wilshire Credit Corporation
C/O Quality Loan Service Corp.
319 Elm Street, 2nd Floor
San Diego, CA 92101
619-645-7711

SEP-14-2006 04:32P FROM:

TO: 2060404

P.2/2

TS No.: CA-06-62211-DL
Loan No.: 1652984

Notice of Default and Election To Sell Under Deed of Trust

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.

NOTICE IS HEREBY GIVEN: That the undersigned is either the original trustee, the duly appointed substituted trustee, or acting as agent for the trustee or beneficiary under a Deed of Trust dated 7/20/2005, executed by LESLIE BENNETT AND PAUL DANIEL BENNETT, WIFE AND HUSBAND AS JOINT TENANTS, as Trustor, to secure certain obligations in favor of "MERS" IS MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC AS NOMINEE FOR PEOPLE'S CHOICE HOME LOAN, INC., A WYOMING CORPORATION, as beneficiary, recorded 7/26/2005, as Instrument No. 2005-000575540, in Book XXX, Page XXX of Official Records in the Office of the Recorder of ORANGE County, California describing land therein: as more fully described in said Deed of Trust.

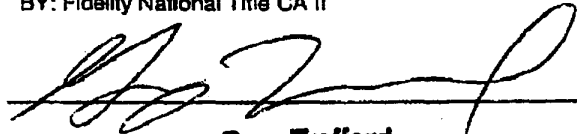
Said obligations including 1 NOTE(S) FOR THE ORIGINAL sum of \$695,000.00, that the beneficial interest under such Deed of Trust and the obligations secured thereby are presently held by the undersigned; that a breach of, and default in, the obligations for which such Deed of Trust is security has occurred in that payment has not been made of:

Installment of principal and interest plus Impounds and / or advances which became due on 4/1/2006 plus amounts that are due or may become due for the following: late charges, delinquent property taxes, insurance premiums, advances made on senior liens, taxes and/or insurance, trustees fees, and any attorney fees and court costs arising from or associated with beneficiaries effort to protect and preserve its security must be cured as a condition of reinstatement.

That by reason thereof, the present beneficiary under such deed of trust, has executed and delivered to said duly appointed Trustee, a written Declaration of Default and Demand for same, and has deposited with said duly appointed Trustee, such deed of trust and all documents evidencing obligations secured thereby, and has declared and does hereby declare all sums secured thereby immediately due and payable and has elected and does hereby elect to cause the trust property to be sold to satisfy the obligations secured thereby.

Dated: 7/26/2006

Quality Loan Service Corp., AS AGENT FOR BENEFICIARY
BY: Fidelity National Title CA II



Gary Trafford

If you have previously been discharged through bankruptcy, you may have been released of personal liability for this loan in which case this letter is intended to exercise the note holder's rights against the real property only.

THIS OFFICE IS ATTEMPTING TO COLLECT A DEBT AND ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.

As required by law, you are hereby notified that a negative credit report reflecting on your credit record may be submitted to a credit report agency if you fail to fulfill the terms of your credit obligations.

EXHIBIT 2

Uniform Residential Loan Application

This application is designed to be completed by the applicant(s) with the Lender's assistance. Applicants should complete this form as "Borrower" or "Co-Borrower", as applicable. Co-Borrower information must also be provided (and the appropriate box checked) when the income or assets of a person other than the "Borrower" (including the Borrower's spouse) will be used as a basis for loan qualification or the income or assets of the Borrower's spouse will not be used as a basis for loan qualification, but his or her liabilities must be considered because the Borrower resides in a community property state, the security property is located in a community property state, or the Borrower is relying on other property located in a community property state as a basis for repayment of the loan.

TYPE OF MORTGAGE AND TERMS OF LOAN		
Mortgage Applied for:	<input type="checkbox"/> VA <input type="checkbox"/> FHA <input checked="" type="checkbox"/> Conventional <input type="checkbox"/> USDA/Rural Housing Service <input type="checkbox"/> Other (explain):	Agency Case Number: _____ Lender Case Number: _____

Amount \$	880,000	Interest Rate %	8.250	No. of Months	360/360	Amortization Type:	<input type="checkbox"/> Fixed Rate <input type="checkbox"/> GPM <input checked="" type="checkbox"/> Other (explain): ARM (type)
-----------	---------	-----------------	-------	---------------	---------	--------------------	---

PROPERTY INFORMATION AND PURPOSE OF LOAN

Subject Property Address (street, city, state, ZIP):	107 AVENIDA SAN DIMAS, San Clemente, CA 92672 County: Orange	No. of Units	1
Legal Description of Subject Property (attach description if necessary)		Year Built	1953

Purpose of Loan	<input type="checkbox"/> Purchase <input checked="" type="checkbox"/> Refinance <input type="checkbox"/> Construction <input type="checkbox"/> Construction-Permanent <input type="checkbox"/> Other (explain):	Property will be:	<input checked="" type="checkbox"/> Primary Residence <input type="checkbox"/> Secondary Residence <input type="checkbox"/> Investment
-----------------	---	-------------------	--

Complete this line if construction or construction-permanent loan.

Year Lot Acquired	Original Cost	Amount Existing Liens	(a) Present Value of Lot	(b) Cost of Improvements	Total (a+b)
	\$	\$	\$	\$	\$

Complete this line if this is a refinance loan.

Year Acquired	Original Cost	Amount Existing Liens	Purpose of Refinance	Describe Improvements	Cost: \$
1993	\$ 157,500	\$ 596,000	Cash-Out/Debt Consolidation	<input type="checkbox"/> made <input type="checkbox"/> to be made	

Title will be held in what Name(s)	PAUL BENNETT LESLIE BENNETT	Manner in which Title will be held	To be determined in escrow	Estate will be held in:	<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (show expiration date)
------------------------------------	--------------------------------	------------------------------------	----------------------------	-------------------------	--

Source of Down Payment, Settlement Charges and/or Subordinate Financing (explain)

BORROWER INFORMATION

Borrower				Co-Borrower			
Borrower's Name (Include Jr. or Sr. if applicable)				Co-Borrower's Name (include Jr. or Sr. if applicable)			
LESLIE BENNETT				PAUL BENNETT			
Social Security Number	Home Phone (incl. area code)	DOB (MM/DD/YYYY)	Yrs. School	Social Security Number	Home Phone (incl. area code)	DOB (MM/DD/YYYY)	Yrs. School
599-02-1076	949-486-5550	05/20/1949	16	570-68-8333	949-492-7686	06/20/1953	14

<input checked="" type="checkbox"/> Married	<input type="checkbox"/> Unmarried (include single, divorced, widowed)	Dependents (not listed by Co-Borrower)	<input checked="" type="checkbox"/> Married	<input type="checkbox"/> Unmarried (include single, divorced, widowed)	Dependents (not listed by Borrower)
<input type="checkbox"/> Separated		no. 0 ages 0	<input type="checkbox"/> Separated		no. ages

Present Address (street, city, state, ZIP)	<input checked="" type="checkbox"/> Own <input type="checkbox"/> Rent 12 No. Yrs.	Present Address (street, city, state, ZIP)	<input checked="" type="checkbox"/> Own <input type="checkbox"/> Rent No. Yrs.
107 AVENIDA SAN DIMAS San Clemente, CA 92672		107 AVENIDA SAN DIMAS San Clemente, CA 92672	

Mailing Address, if different from Present Address

If residing at present address for less than two years, complete the following:

Former Address (street, city, state, ZIP)	<input type="checkbox"/> Own <input type="checkbox"/> Rent No. Yrs.	Former Address (street, city, state, ZIP)	<input type="checkbox"/> Own <input type="checkbox"/> Rent No. Yrs.
---	---	---	---

EMPLOYMENT INFORMATION

Borrower		Co-Borrower	
Name & Address of Employer	<input type="checkbox"/> Self Employed	Name & Address of Employer	<input checked="" type="checkbox"/> Self Employed
COSTA VERDE ENTERPRISES INC 107 AVENIDA SAN DIMAS San Clemente, CA 92672	Yrs. on this job 30 yr(s) 0 mth(s)	COSTA VERDE ENTERPRISES INC 107 AVENIDA SAN DIMAS San Clemente, CA 92672	Yrs. on this job 30 yr(s) 0 mth(s)
	Yrs. employed in this line of work/profession 30		Yrs. employed in this line of work/profession 30

Position/Title/Type of Business	Business Phone (incl. area code)	Position/Title/Type of Business	Business Phone (incl. area code)
OFFICER/OWNER	492-7886	OFFICER/OWNER	949-492-7686

If employed in current position for less than two years or if currently employed in more than one position, complete the following:

Name & Address of Employer	<input type="checkbox"/> Self Employed	Dates (from-to)	Name & Address of Employer	<input type="checkbox"/> Self Employed	Dates (from-to)
		Monthly Income \$2,000			Monthly Income \$2,000

Position/Title/Type of Business	Business Phone (incl. area code)	Position/Title/Type of Business	Business Phone (incl. area code)
V.P. / OWNER	949 466 5550	OWNER / PRESIDENT	949 637 5053

Name & Address of Employer	<input type="checkbox"/> Self Employed	Dates (from-to)	Name & Address of Employer	<input type="checkbox"/> Self Employed	Dates (from-to)
----------------------------	--	-----------------	----------------------------	--	-----------------

EXHIBIT 3

Loan Number 10238451

ADJUSTABLE RATE NOTE
(LIBOR Six-Month Index (As Published In The Wall Street Journal)-Rate Caps)
Including Prepayment Penalty

THIS NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN MY INTEREST RATE AND MY MONTHLY PAYMENT. THIS NOTE LIMITS THE AMOUNT MY ADJUSTABLE INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE I MUST PAY.

07/20/2005
[Date]

IRVINE
[City]

CALIFORNIA
[State]

107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672
[Property Address]

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$ 695,000.00 (this amount is called "Principal"), plus interest, to the order of Lender. Lender is PEOPLE'S CHOICE HOME LOAN, INC. a WYOMING CORPORATION.

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

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

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of 8.500% . The interest rate I will pay may change in accordance with Section 4 of this Note.

The interest rate required by this Section 2 and Section 4 of this Note is the rate I will pay both before and after any default described in Section 7(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

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

I will make my monthly payments on the 1st day of each month beginning on September 1, 2005. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on August 1, 2035, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my monthly payments at P.O. Box 52678, Irvine, CA 92619 or at a different place if required by the Note Holder.

(B) Amount of My Initial Monthly Payments

Each of my initial monthly payments will be in the amount of U.S. \$ 5,343.95 . This amount may change.

(C) Monthly Payment Changes

Changes in my monthly payment will reflect changes in the unpaid principal of my loan and in the interest rate that I must pay. The Note Holder will determine my new interest rate and the changed amount of my monthly payment in accordance with Section 4 of this Note.

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Date(s)

The interest rate I will pay may change on the 1st day of August, 2007, and every 6th month(s) thereafter. Each date on which my interest rate could change is called a "Change Date."

(B) The Index

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the average of interbank offered rates for six month U.S. dollar-denominated deposits in the London market ("LIBOR"), as published in the Wall Street Journal. The most recent Index figure available as of the date 45 days before each Change Date is called the "Current Index."

If the Index is no longer available, the Note Holder will choose a new index that is based upon comparable information. The Note Holder will give me notice of this choice.

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding five and three-quarters percentage points (5.750%) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than 11.500% or less than 8.500 %. Thereafter, my interest rate will never be increased or decreased on any single Change Date by more than one percentage point(s) (1.000%) from the rate of interest I have been paying for the preceding 6 months.

My interest rate will never be greater than 14.500%. My interest rate will never be less than 8.500%.

(E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(F) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in my interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given to me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

5. BORROWER'S RIGHT TO PREPAY

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

The Note Holder will use my Prepayment to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to any accrued and unpaid interest on the Prepayment amount before applying my Prepayment to reduce the Principal amount of this Note. If I make a partial Prepayment, there will be no changes in the due dates of my monthly payments unless the Note Holder agrees in writing to those changes. My partial Prepayment may reduce the amount of my monthly payments after the first Change Date following my partial Prepayment. However, any reduction due to my partial prepayment may be offset by an increase in the interest rate.

If within Twenty-four (24) months from the date of execution of the Security Instrument, I make full Prepayment or partial Prepayment, and the total of such Prepayment(s) in any 12-month period exceeds twenty percent (20%) of the original Principal amount of the loan, I will pay a Prepayment charge in an amount equal to 6 months' advance interest on the amount by which the total of my Prepayment(s) within that 12-month period exceeds twenty percent (20%) of the original Principal amount of the loan.

6. LOAN CHARGES

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

7. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charges for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 15 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 5.000% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

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

(C) Notice of Default

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

(D) No Waiver By Note Holder

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

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

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

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

8. GIVING OF NOTICES

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

9. OBLIGATIONS OF PERSONS UNDER THIS NOTE

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

10. WAIVERS

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

11. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses that might result if I do not keep the promises that I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions read as follows:

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by Applicable Law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender also may require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

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

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

LESLIE BENNETT (Seal)
-Borrower

PAUL DANIEL BENNETT (Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

[Sign Original Only]

2 of 2

EXHIBIT 4

Recording Requested By:
PEOPLE'S CHOICE HOME LOAN,
INC.
Return To:
People's Choice Home Loan,
Inc.
7515 IRVINE CENTER DR.,
IRVINE, CA 92618

Prepared By:
People's Choice Home Loan,
Inc. 7515 Irvine Center
Drive, Irvine, CA 92618

[Space Above This Line For Recording Data]

DEED OF TRUST

MIN100273900102384517

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 3, 11, 13, 18, 20 and 21. Certain rules regarding the usage of words used in this document are also provided in Section 16.

(A) "Security Instrument" means this document, which is dated July 20, 2005, together with all Riders to this document.

(B) "Borrower" is LESLIE BENNETT AND PAUL DANIEL BENNETT, WIFE AND HUSBAND AS JOINT TENANTS

Borrower's address is 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CA 92672. Borrower is the trustor under this Security Instrument.
(C) "Lender" is PEOPLE'S CHOICE HOME LOAN, INC., a WYOMING CORPORATION

Lender is a CORPORATION
organized and existing under the laws of WYOMING

10238451

CALIFORNIA-Single Family-Fannie Mae/Freddie Mac UNIFORM INSTRUMENT WITH MERS

Form 3005 1/01

 -6A(CA) (0207)

Page 1 of 16

Initials: _____

VMP MORTGAGE FORMS - (800)521-7201

Lender's address is 7515 IRVINE CENTER DR., IRVINE, CA 92618

(D) "Trustee" is F.C.I., A California Corporation, 8101 Kaiser Blvd., Suite #360 Anaheim Hills, CA 92808

(E) "MERS" is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. MERS is the beneficiary under this Security Instrument. MERS is organized and existing under the laws of Delaware, and has an address and telephone number of P.O. Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS.

(F) "Note" means the promissory note signed by Borrower and dated July 20, 2005. The Note states that Borrower owes Lender SIX HUNDRED NINETY-FIVE THOUSAND AND 00/100 Dollars

(U.S. \$695,000.00) plus interest. Borrower has promised to pay this debt in regular Periodic Payments and to pay the debt in full not later than August 1, 2035

(G) "Property" means the property that is described below under the heading "Transfer of Rights in the Property."

(H) "Loan" means the debt evidenced by the Note, plus interest, any prepayment charges and late charges due under the Note, and all sums due under this Security Instrument, plus interest.

(I) "Riders" means all Riders to this Security Instrument that are executed by Borrower. The following Riders are to be executed by Borrower [check box as applicable]:

- | | | |
|---|---|---|
| <input checked="" type="checkbox"/> Adjustable Rate Rider | <input type="checkbox"/> Condominium Rider | <input type="checkbox"/> Second Home Rider |
| <input type="checkbox"/> Balloon Rider | <input type="checkbox"/> Planned Unit Development Rider | <input type="checkbox"/> 1-4 Family Rider |
| <input type="checkbox"/> VA Rider | <input type="checkbox"/> Biweekly Payment Rider | <input type="checkbox"/> Other(s) [specify] |

(J) "Applicable Law" means all controlling applicable federal, state and local statutes, regulations, ordinances and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable judicial opinions.

(K) "Community Association Dues, Fees, and Assessments" means all dues, fees, assessments and other charges that are imposed on Borrower or the Property by a condominium association, homeowners association or similar organization.

(L) "Electronic Funds Transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. Such term includes, but is not limited to, point-of-sale transfers, automated teller machine transactions, transfers initiated by telephone, wire transfers, and automated clearinghouse transfers.

(M) "Escrow Items" means those items that are described in Section 3.

(N) "Miscellaneous Proceeds" means any compensation, settlement, award of damages, or proceeds paid by any third party (other than insurance proceeds paid under the coverages described in Section 5) for: (i) damage to, or destruction of, the Property; (ii) condemnation or other taking of all or any part of the Property; (iii) conveyance in lieu of condemnation; or (iv) misrepresentations of, or omissions as to, the value and/or condition of the Property.

(O) "Mortgage Insurance" means insurance protecting Lender against the nonpayment of, or default on, the Loan.

(P) "Periodic Payment" means the regularly scheduled amount due for (i) principal and interest under the Note, plus (ii) any amounts under Section 3 of this Security Instrument.

10238451

UAD-8A(CA) (0207)

Page 2 of 16

Initials: _____

Form 3005 1/01

(Q) "RESPA" means the Real Estate Settlement Procedures Act (12 U.S.C. Section 2601 et seq.) and its implementing regulation, Regulation X (24 C.F.R. Part 3500), as they might be amended from time to time, or any additional or successor legislation or regulation that governs the same subject matter. As used in this Security Instrument, "RESPA" refers to all requirements and restrictions that are imposed in regard to a "federally related mortgage loan" even if the Loan does not qualify as a "federally related mortgage loan" under RESPA.

(R) "Successor in Interest of Borrower" means any party that has taken title to the Property, whether or not that party has assumed Borrower's obligations under the Note and/or this Security Instrument.

TRANSFER OF RIGHTS IN THE PROPERTY

The beneficiary of this Security Instrument is MERS (solely as nominee for Lender and Lender's successors and assigns) and the successors and assigns of MERS. This Security Instrument secures to Lender: (i) the repayment of the Loan, and all renewals, extensions and modifications of the Note; and (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the

COUNTY of Orange :

[Type of Recording Jurisdiction]

[Name of Recording Jurisdiction]

SEE LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF AS EXHIBIT

'A'

(A.P.N. #: 060-091-26)

Parcel ID Number: 060-091-26
107 AVENIDA SAN DIMAS
SAN CLEMENTE
("Property Address"):

which currently has the address of
[Street]
[City], California 92672 [Zip Code]

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property." Borrower understands and agrees that MERS holds only legal title to the interests granted by Borrower in this Security Instrument, but, if necessary to comply with law or custom, MERS (as nominee for Lender and Lender's successors and assigns) has the right: to exercise any or all of those interests, including, but not limited to, the right to foreclose and sell the Property; and to take any action required of Lender including, but not limited to, releasing and canceling this Security Instrument.

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances 10238451

of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal, Interest, Escrow Items, Prepayment Charges, and Late Charges. Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note and any prepayment charges and late charges due under the Note. Borrower shall also pay funds for Escrow Items pursuant to Section 3. Payments due under the Note and this Security Instrument shall be made in U.S. currency. However, if any check or other instrument received by Lender as payment under the Note or this Security Instrument is returned to Lender unpaid, Lender may require that any or all subsequent payments due under the Note and this Security Instrument be made in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality, or entity; or (d) Electronic Funds Transfer.

Payments are deemed received by Lender when received at the location designated in the Note or at such other location as may be designated by Lender in accordance with the notice provisions in Section 15. Lender may return any payment or partial payment if the payment or partial payments are insufficient to bring the Loan current. Lender may accept any payment or partial payment insufficient to bring the Loan current, without waiver of any rights hereunder or prejudice to its rights to refuse such payment or partial payments in the future, but Lender is not obligated to apply such payments at the time such payments are accepted. If each Periodic Payment is applied as of its scheduled due date, then Lender need not pay interest on unapplied funds. Lender may hold such unapplied funds until Borrower makes payment to bring the Loan current. If Borrower does not do so within a reasonable period of time, Lender shall either apply such funds or return them to Borrower. If not applied earlier, such funds will be applied to the outstanding principal balance under the Note immediately prior to foreclosure. No offset or claim which Borrower might have now or in the future against Lender shall relieve Borrower from making payments due under the Note and this Security Instrument or performing the covenants and agreements secured by this Security Instrument.

2. Application of Payments or Proceeds. Except as otherwise described in this Section 2, all payments accepted and applied by Lender shall be applied in the following order of priority: (a) interest due under the Note; (b) principal due under the Note; (c) amounts due under Section 3. Such payments shall be applied to each Periodic Payment in the order in which it became due. Any remaining amounts shall be applied first to late charges, second to any other amounts due under this Security Instrument, and then to reduce the principal balance of the Note.

If Lender receives a payment from Borrower for a delinquent Periodic Payment which includes a sufficient amount to pay any late charge due, the payment may be applied to the delinquent payment and the late charge. If more than one Periodic Payment is outstanding, Lender may apply any payment received from Borrower to the repayment of the Periodic Payments if, and to the extent that, each payment can be paid in full. To the extent that any excess exists after the payment is applied to the full payment of one or more Periodic Payments, such excess may be applied to any late charges due. Voluntary prepayments shall be applied first to any prepayment charges and then as described in the Note.

Any application of payments, insurance proceeds, or Miscellaneous Proceeds to principal due under the Note shall not extend or postpone the due date, or change the amount, of the Periodic Payments.

3. Funds for Escrow Items. Borrower shall pay to Lender on the day Periodic Payments are due under the Note, until the Note is paid in full, a sum (the "Funds") to provide for payment of amounts due for: (a) taxes and assessments and other items which can attain priority over this Security Instrument as a lien or encumbrance on the Property; (b) leasehold payments or ground rents on the Property, if any; (c) premiums for any and all insurance required by Lender under Section 5; and (d) Mortgage Insurance premiums, if any, or any sums payable by Borrower to Lender in lieu of the payment of Mortgage Insurance premiums in accordance with the provisions of Section 10. These items are called "Escrow Items." At origination or at any time during the term of the Loan, Lender may require that Community Association Dues, Fees, and Assessments, if any, be escrowed by Borrower, and such dues, fees and assessments shall be an Escrow Item. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Section. Borrower shall pay Lender the Funds for Escrow Items unless Lender waives Borrower's obligation to pay the Funds for any or all Escrow Items. Lender may waive Borrower's obligation to pay to Lender Funds for any or all Escrow Items at any time. Any such waiver may only be

10238451

 -8A(CA) (0207)

Page 4 of 18

Initials: _____

Form 3005 1/01

in writing. In the event of such waiver, Borrower shall pay directly, when and where payable, the amounts due for any Escrow Items for which payment of Funds has been waived by Lender and, if Lender requires, shall furnish to Lender receipts evidencing such payment within such time period as Lender may require. Borrower's obligation to make such payments and to provide receipts shall for all purposes be deemed to be a covenant and agreement contained in this Security Instrument, as the phrase "covenant and agreement" is used in Section 9. If Borrower is obligated to pay Escrow Items directly, pursuant to a waiver, and Borrower fails to pay the amount due for an Escrow Item, Lender may exercise its rights under Section 9 and pay such amount and Borrower shall then be obligated under Section 9 to repay to Lender any such amount. Lender may revoke the waiver as to any or all Escrow Items at any time by a notice given in accordance with Section 15 and, upon such revocation, Borrower shall pay to Lender all Funds, and in such amounts, that are then required under this Section 3.

Lender may, at any time, collect and hold Funds in an amount (a) sufficient to permit Lender to apply the Funds at the time specified under RESPA, and (b) not to exceed the maximum amount a lender can require under RESPA. Lender shall estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with Applicable Law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is an institution whose deposits are so insured) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items no later than the time specified under RESPA. Lender shall not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and Applicable Law permits Lender to make such a charge. Unless an agreement is made in writing or Applicable Law requires interest to be paid on the Funds, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender can agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds as required by RESPA.

If there is a surplus of Funds held in escrow, as defined under RESPA, Lender shall account to Borrower for the excess funds in accordance with RESPA. If there is a shortage of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the shortage in accordance with RESPA, but in no more than 12 monthly payments. If there is a deficiency of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the deficiency in accordance with RESPA, but in no more than 12 monthly payments.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property which can attain priority over this Security Instrument, leasehold payments or ground rents on the Property, if any, and Community Association Dues, Fees, and Assessments, if any. To the extent that these items are Escrow Items, Borrower shall pay them in the manner provided in Section 3.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender, but only so long as Borrower is performing such agreement; (b) contests the lien in good faith by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of the lien while those proceedings are pending, but only until such proceedings are concluded; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which can attain priority over this Security Instrument, Lender may give Borrower a notice identifying the

10238451

 SA(CA) (0207)

Page 5 of 16

Initials: _____

Form 3005 1/01

lien. Within 10 days of the date on which that notice is given, Borrower shall satisfy the lien or take one or more of the actions set forth above in this Section 4.

Lender may require Borrower to pay a one-time charge for a real estate tax verification and/or reporting service used by Lender in connection with this Loan.

5. Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and any other hazards including, but not limited to, earthquakes and floods, for which Lender requires insurance. This insurance shall be maintained in the amounts (including deductible levels) and for the periods that Lender requires. What Lender requires pursuant to the preceding sentences can change during the term of the Loan. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's right to disapprove Borrower's choice, which right shall not be exercised unreasonably. Lender may require Borrower to pay, in connection with this Loan, either: (a) a one-time charge for flood zone determination, certification and tracking services; or (b) a one-time charge for flood zone determination and certification services and subsequent charges each time remappings or similar changes occur which reasonably might affect such determination or certification. Borrower shall also be responsible for the payment of any fees imposed by the Federal Emergency Management Agency in connection with the review of any flood zone determination resulting from an objection by Borrower.

If Borrower fails to maintain any of the coverages described above, Lender may obtain insurance coverage, at Lender's option and Borrower's expense. Lender is under no obligation to purchase any particular type or amount of coverage. Therefore, such coverage shall cover Lender, but might or might not protect Borrower, Borrower's equity in the Property, or the contents of the Property, against any risk, hazard or liability and might provide greater or lesser coverage than was previously in effect. Borrower acknowledges that the cost of the insurance coverage so obtained might significantly exceed the cost of insurance that Borrower could have obtained. Any amounts disbursed by Lender under this Section 5 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

All insurance policies required by Lender and renewals of such policies shall be subject to Lender's right to disapprove such policies, shall include a standard mortgage clause, and shall name Lender as mortgagee and/or as an additional loss payee and Borrower further agrees to generally assign rights to insurance proceeds to the holder of the Note up to the amount of the outstanding loan balance. Lender shall have the right to hold the policies and renewal certificates. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. If Borrower obtains any form of insurance coverage, not otherwise required by Lender, for damage to, or destruction of, the Property, such policy shall include a standard mortgage clause and shall name Lender as mortgagee and/or as an additional loss payee and Borrower further agrees to generally assign rights to insurance proceeds to the holder of the Note up to the amount of the outstanding loan balance.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower. Unless Lender and Borrower otherwise agree in writing, any insurance proceeds, whether or not the underlying insurance was required by Lender, shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such insurance proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such insurance proceeds, Lender shall not be required to pay Borrower any interest or earnings on such proceeds. Fees for public adjusters, or other third parties, retained by Borrower shall not be paid out of the insurance proceeds and shall be the sole obligation of Borrower. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with

10238451

2011-8A(CA) (0207)

Page 8 of 15

Initials: _____

Form 3005 1/01

the excess, if any, paid to Borrower. Such insurance proceeds shall be applied in the order provided for in Section 2.

If Borrower abandons the Property, Lender may file, negotiate and settle any available insurance claim and related matters. If Borrower does not respond within 30 days to a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may negotiate and settle the claim. The 30-day period will begin when the notice is given. In either event, or if Lender acquires the Property under Section 22 or otherwise, Borrower hereby assigns to Lender (a) Borrower's rights to any insurance proceeds in an amount not to exceed the amounts unpaid under the Note or this Security Instrument, and (b) any other of Borrower's rights (other than the right to any refund of unearned premiums paid by Borrower) under all insurance policies covering the Property, insofar as such rights are applicable to the coverage of the Property. Lender may use the insurance proceeds either to repair or restore the Property or to pay amounts unpaid under the Note or this Security Instrument, whether or not then due.

6. Occupancy. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within 60 days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control.

7. Preservation, Maintenance and Protection of the Property; Inspections. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate or commit waste on the Property. Whether or not Borrower is residing in the Property, Borrower shall maintain the Property in order to prevent the Property from deteriorating or decreasing in value due to its condition. Unless it is determined pursuant to Section 5 that repair or restoration is not economically feasible, Borrower shall promptly repair the Property if damaged to avoid further deterioration or damage. If insurance or condemnation proceeds are paid in connection with damage to, or the taking of, the Property, Borrower shall be responsible for repairing or restoring the Property only if Lender has released proceeds for such purposes. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. If the insurance or condemnation proceeds are not sufficient to repair or restore the Property, Borrower is not relieved of Borrower's obligation for the completion of such repair or restoration.

Lender or its agent may make reasonable entries upon and inspections of the Property. If it has reasonable cause, Lender may inspect the interior of the improvements on the Property. Lender shall give Borrower notice at the time of or prior to such an interior inspection specifying such reasonable cause.

8. Borrower's Loan Application. Borrower shall be in default if, during the Loan application process, Borrower or any persons or entities acting at the direction of Borrower or with Borrower's knowledge or consent gave materially false, misleading, or inaccurate information or statements to Lender (or failed to provide Lender with material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning Borrower's occupancy of the Property as Borrower's principal residence.

9. Protection of Lender's Interest in the Property and Rights Under this Security Instrument. If (a) Borrower fails to perform the covenants and agreements contained in this Security Instrument, (b) there is a legal proceeding that might significantly affect Lender's interest in the Property and/or rights under this Security Instrument (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, for enforcement of a lien which may attain priority over this Security Instrument or to enforce laws or regulations), or (c) Borrower has abandoned the Property, then Lender may do and pay for whatever is reasonable or appropriate to protect Lender's interest in the Property and rights under this Security Instrument, including protecting and/or assessing the value of the Property, and securing and/or repairing the Property. Lender's actions can include, but are not limited to: (a) paying any sums secured by a lien which has priority over this Security Instrument; (b) appearing in court; and (c) paying reasonable

10238451

 8-A(CA) (0207)

Page 7 of 15

Initials: _____

Form 3005 1/01

attorneys' fees to protect its interest in the Property and/or rights under this Security Instrument, including its secured position in a bankruptcy proceeding. Securing the Property includes, but is not limited to, entering the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, and have utilities turned on or off. Although Lender may take action under this Section 9, Lender does not have to do so and is not under any duty or obligation to do so. It is agreed that Lender incurs no liability for not taking any or all actions authorized under this Section 9.

Any amounts disbursed by Lender under this Section 9 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

10. Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan, Borrower shall pay the premiums required to maintain the Mortgage Insurance in effect. If, for any reason, the Mortgage Insurance coverage required by Lender ceases to be available from the mortgage insurer that previously provided such insurance and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the Mortgage Insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the Mortgage Insurance previously in effect, from an alternate mortgage insurer selected by Lender. If substantially equivalent Mortgage Insurance coverage is not available, Borrower shall continue to pay to Lender the amount of the separately designated payments that were due when the insurance coverage ceased to be in effect. Lender will accept, use and retain these payments as a non-refundable loss reserve in lieu of Mortgage Insurance. Such loss reserve shall be non-refundable, notwithstanding the fact that the Loan is ultimately paid in full, and Lender shall not be required to pay Borrower any interest or earnings on such loss reserve. Lender can no longer require loss reserve payments if Mortgage Insurance coverage (in the amount and for the period that Lender requires) provided by an insurer selected by Lender again becomes available, is obtained, and Lender requires separately designated payments toward the premiums for Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to maintain Mortgage Insurance in effect, or to provide a non-refundable loss reserve, until Lender's requirement for Mortgage Insurance ends in accordance with any written agreement between Borrower and Lender providing for such termination or until termination is required by Applicable Law. Nothing in this Section 10 affects Borrower's obligation to pay interest at the rate provided in the Note.

Mortgage Insurance reimburses Lender (or any entity that purchases the Note) for certain losses it may incur if Borrower does not repay the Loan as agreed. Borrower is not a party to the Mortgage Insurance.

Mortgage insurers evaluate their total risk on all such insurance in force from time to time, and may enter into agreements with other parties that share or modify their risk, or reduce losses. These agreements are on terms and conditions that are satisfactory to the mortgage insurer and the other party (or parties) to these agreements. These agreements may require the mortgage insurer to make payments using any source of funds that the mortgage insurer may have available (which may include funds obtained from Mortgage Insurance premiums).

As a result of these agreements, Lender, any purchaser of the Note, another insurer, any reinsurer, any other entity, or any affiliate of any of the foregoing, may receive (directly or indirectly) amounts that derive from (or might be characterized as) a portion of Borrower's payments for Mortgage Insurance, in exchange for sharing or modifying the mortgage insurer's risk, or reducing losses. If such agreement provides that an affiliate of Lender takes a share of the insurer's risk in exchange for a share of the premiums paid to the insurer, the arrangement is often termed "captive reinsurance." Further:

(a) Any such agreements will not affect the amounts that Borrower has agreed to pay for Mortgage Insurance, or any other terms of the Loan. Such agreements will not increase the amount Borrower will owe for Mortgage Insurance, and they will not entitle Borrower to any refund.

10238451

 8A(CA) (0207)

Page 8 of 16

Initials: _____

Form 3006 1/01

(b) Any such agreements will not affect the rights Borrower has - if any - with respect to the Mortgage Insurance under the Homeowners Protection Act of 1998 or any other law. These rights may include the right to receive certain disclosures, to request and obtain cancellation of the Mortgage Insurance, to have the Mortgage Insurance terminated automatically, and/or to receive a refund of any Mortgage Insurance premiums that were unearned at the time of such cancellation or termination.

11. Assignment of Miscellaneous Proceeds; Forfeiture. All Miscellaneous Proceeds are hereby assigned to and shall be paid to Lender.

If the Property is damaged, such Miscellaneous Proceeds shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such Miscellaneous Proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may pay for the repairs and restoration in a single disbursement or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such Miscellaneous Proceeds, Lender shall not be required to pay Borrower any interest or earnings on such Miscellaneous Proceeds. If the restoration or repair is not economically feasible or Lender's security would be lessened, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such Miscellaneous Proceeds shall be applied in the order provided for in Section 2.

In the event of a total taking, destruction, or loss in value of the Property, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the Miscellaneous Proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the partial taking, destruction, or loss in value divided by (b) the fair market value of the Property immediately before the partial taking, destruction, or loss in value. Any balance shall be paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is less than the amount of the sums secured immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the Opposing Party (as defined in the next sentence) offers to make an award to settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the Miscellaneous Proceeds either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due. "Opposing Party" means the third party that owes Borrower Miscellaneous Proceeds or the party against whom Borrower has a right of action in regard to Miscellaneous Proceeds.

Borrower shall be in default if any action or proceeding, whether civil or criminal, is begun that, in Lender's judgment, could result in forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. Borrower can cure such a default and, if acceleration has occurred, reinstate as provided in Section 19, by causing the action or proceeding to be dismissed with a ruling that, in Lender's judgment, precludes forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. The proceeds of any award or claim for damages that are attributable to the impairment of Lender's interest in the Property are hereby assigned and shall be paid to Lender.

All Miscellaneous Proceeds that are not applied to restoration or repair of the Property shall be applied in the order provided for in Section 2.

12. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender

10238451

USA - SA (CA) (0207)

Page 9 of 18

Initials: _____

Form 3005 1/01

to Borrower or any Successor in Interest of Borrower shall not operate to release the liability of Borrower or any Successors in Interest of Borrower. Lender shall not be required to commence proceedings against any Successor in Interest of Borrower or to refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or any Successors in Interest of Borrower. Any forbearance by Lender in exercising any right or remedy including, without limitation, Lender's acceptance of payments from third persons, entities or Successors in Interest of Borrower or in amounts less than the amount then due, shall not be a waiver of or preclude the exercise of any right or remedy.

13. Joint and Several Liability; Co-signers; Successors and Assigns Bound. Borrower covenants and agrees that Borrower's obligations and liability shall be joint and several. However, any Borrower who co-signs this Security Instrument but does not execute the Note (a "co-signer"): (a) is co-signing this Security Instrument only to mortgage, grant and convey the co-signer's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower can agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without the co-signer's consent.

Subject to the provisions of Section 18, any Successor in Interest of Borrower who assumes Borrower's obligations under this Security Instrument in writing, and is approved by Lender, shall obtain all of Borrower's rights and benefits under this Security Instrument. Borrower shall not be released from Borrower's obligations and liability under this Security Instrument unless Lender agrees to such release in writing. The covenants and agreements of this Security Instrument shall bind (except as provided in Section 20) and benefit the successors and assigns of Lender.

14. Loan Charges. Lender may charge Borrower fees for services performed in connection with Borrower's default, for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument, including, but not limited to, attorneys' fees, property inspection and valuation fees. In regard to any other fees, the absence of express authority in this Security Instrument to charge a specific fee to Borrower shall not be construed as a prohibition on the charging of such fee. Lender may not charge fees that are expressly prohibited by this Security Instrument or by Applicable Law.

If the Loan is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the Loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge (whether or not a prepayment charge is provided for under the Note). Borrower's acceptance of any such refund made by direct payment to Borrower will constitute a waiver of any right of action Borrower might have arising out of such overcharge.

15. Notices. All notices given by Borrower or Lender in connection with this Security Instrument must be in writing. Any notice to Borrower in connection with this Security Instrument shall be deemed to have been given to Borrower when mailed by first class mail or when actually delivered to Borrower's notice address if sent by other means. Notice to any one Borrower shall constitute notice to all Borrowers unless Applicable Law expressly requires otherwise. The notice address shall be the Property Address unless Borrower has designated a substitute notice address by notice to Lender. Borrower shall promptly notify Lender of Borrower's change of address. If Lender specifies a procedure for reporting Borrower's change of address, then Borrower shall only report a change of address through that specified procedure. There may be only one designated notice address under this Security Instrument at any one time. Any notice to Lender shall be given by delivering it or by mailing it by first class mail to Lender's address stated herein unless Lender has designated another address by notice to Borrower. Any notice in connection with this Security Instrument shall not be deemed to have been given to Lender until actually received by Lender. If any notice required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

10238451

 -6A(CA) (0207)

Page 10 of 15

Initials: _____

Form 3005 1/01

16. Governing Law; Severability; Rules of Construction. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law. Applicable Law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. In the event that any provision or clause of this Security Instrument or the Note conflicts with Applicable Law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision.

As used in this Security Instrument: (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender; (b) words in the singular shall mean and include the plural and vice versa; and (c) the word "may" gives sole discretion without any obligation to take any action.

17. Borrower's Copy. Borrower shall be given one copy of the Note and of this Security Instrument.

18. Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

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

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

19. Borrower's Right to Reinstate After Acceleration. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earliest of: (a) five days before sale of the Property pursuant to any power of sale contained in this Security Instrument; (b) such other period as Applicable Law might specify for the termination of Borrower's right to reinstate; or (c) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument; and (d) takes such action as Lender may reasonably require to assure that Lender's interest in the Property and rights under this Security Instrument, and Borrower's obligation to pay the sums secured by this Security Instrument, shall continue unchanged. Lender may require that Borrower pay such reinstatement sums and expenses in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality or entity; or (d) Electronic Funds Transfer. Upon reinstatement by Borrower, this Security Instrument and obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Section 18.

20. Sale of Note; Change of Loan Servicer; Notice of Grievance. The Note or a partial interest in the Note (together with this Security Instrument) can be sold one or more times without prior notice to Borrower. A sale might result in a change in the entity (known as the "Loan Servicer") that collects Periodic Payments due under the Note and this Security Instrument and performs other mortgage loan servicing obligations under the Note, this Security Instrument, and Applicable Law. There also might be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change which will state the name and address of the new Loan Servicer, the address to which payments should be made and any other information RESPA

10238451

USA (CA) (0207)

Page 11 of 15

Initials: _____

Form 3005 1/01

requires in connection with a notice of transfer of servicing. If the Note is sold and thereafter the Loan is serviced by a Loan Servicer other than the purchaser of the Note, the mortgage loan servicing obligations to Borrower will remain with the Loan Servicer or be transferred to a successor Loan Servicer and are not assumed by the Note purchaser unless otherwise provided by the Note purchaser.

Neither Borrower nor Lender may commence, join, or be joined to any judicial action (as either an individual litigant or the member of a class) that arises from the other party's actions pursuant to this Security Instrument or that alleges that the other party has breached any provision of, or any duty owed by reason of, this Security Instrument, until such Borrower or Lender has notified the other party (with such notice given in compliance with the requirements of Section 15) of such alleged breach and afforded the other party hereto a reasonable period after the giving of such notice to take corrective action. If Applicable Law provides a time period which must elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this paragraph. The notice of acceleration and opportunity to cure given to Borrower pursuant to Section 22 and the notice of acceleration given to Borrower pursuant to Section 18 shall be deemed to satisfy the notice and opportunity to take corrective action provisions of this Section 20.

21. Hazardous Substances. As used in this Section 21: (a) "Hazardous Substances" are those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials; (b) "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection; (c) "Environmental Cleanup" includes any response action, remedial action, or removal action, as defined in Environmental Law; and (d) an "Environmental Condition" means a condition that can cause, contribute to, or otherwise trigger an Environmental Cleanup.

Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances, or threaten to release any Hazardous Substances, on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property (a) that is in violation of any Environmental Law, (b) which creates an Environmental Condition, or (c) which, due to the presence, use, or release of a Hazardous Substance, creates a condition that adversely affects the value of the Property. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property (including, but not limited to, hazardous substances in consumer products).

Borrower shall promptly give Lender written notice of (a) any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge, (b) any Environmental Condition, including but not limited to, any spilling, leaking, discharge, release or threat of release of any Hazardous Substance, and (c) any condition caused by the presence, use or release of a Hazardous Substance which adversely affects the value of the Property. If Borrower learns, or is notified by any governmental or regulatory authority, or any private party, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Nothing herein shall create any obligation on Lender for an Environmental Cleanup.

10238451

 -8A(CA) (0207)

Page 12 of 15

Initials: _____

Form 3005 1/01

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

22. **Acceleration; Remedies.** Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under Section 18 unless Applicable Law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by Applicable Law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 22, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold. Trustee shall cause this notice to be recorded in each county in which any part of the Property is located. Lender or Trustee shall mail copies of the notice as prescribed by Applicable Law to Borrower and to the other persons prescribed by Applicable Law. Trustee shall give public notice of sale to the persons and in the manner prescribed by Applicable Law. After the time required by Applicable Law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

23. **Reconveyance.** Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty to the person or persons legally entitled to it. Lender may charge such person or persons a reasonable fee for reconveying the Property, but only if the fee is paid to a third party (such as the Trustee) for services rendered and the charging of the fee is permitted under Applicable Law. If the fee charged does not exceed the fee set by Applicable Law, the fee is conclusively presumed to be reasonable.

24. **Substitute Trustee.** Lender, at its option, may from time to time appoint a successor trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Lender and recorded in the office of the Recorder of the county in which the Property is located. The instrument shall contain the name of the original Lender, Trustee and Borrower, the book and page where this Security Instrument is recorded and the name and address of the successor trustee. Without conveyance of the Property, the successor trustee shall succeed to all the title, powers and duties conferred upon the Trustee herein and by Applicable Law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

25. **Statement of Obligation Fee.** Lender may collect a fee not to exceed the maximum amount permitted by Applicable Law for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California.
10238451

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any Rider executed by Borrower and recorded with it.

Witnesses:

LESLIE BENNETT (Seal)
-Borrower

PAUL DANIEL BENNETT (Seal)
-Borrower

(Seal) (Seal)
-Borrower -Borrower

(Seal) (Seal)
-Borrower -Borrower

(Seal) (Seal)
-Borrower -Borrower

10238451

 SA(CA) (0207)

Page 14 of 15

Form 3008 1/01

State of California
County of

} ss.

On before me,
LESLIE BENNETT AND PAUL DANIEL BENNETT personally appeared

, 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.

_____(Seal)

10238451

SA(CA) (0207)

Page 18 of 18

Initials: _____

Form 3005 1/01

EXHIBIT 5

TRUTH-IN-LENDING DISCLOSURE STATEMENT
 (THIS IS NEITHER A CONTRACT NOR A COMMITMENT TO LEND)

LENDER OR LENDER'S AGENT:
 PEOPLE'S CHOICE HOME LOAN, INC.

Preliminary Final

7515 IRVINE CENTER DR.
 IRVINE, CA 92618

DATE: 07/20/2005
 LOAN NO.: 10238451
 Type of Loan: Convertible ARM

BORROWERS: LESLIE BENNETT
 PAUL DANIEL BENNETT

ADDRESS: 107 AVENIDA SAN DIMAS
 CITY/STATE/ZIP: SAN CLEMENTE, CA 92672
 PROPERTY: 107 AVENIDA SAN DIMAS SAN CLEMENTE, CA 92672

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after you have made all payments as scheduled.
9.689 %	\$ 1,430,931.21	\$ 675,849.05	\$ 2,106,780.26

PAYMENT SCHEDULE:

NUMBER OF PAYMENTS	AMOUNT OF PAYMENTS	PAYMENTS ARE DUE BEGINNING	NUMBER OF PAYMENTS	AMOUNT OF PAYMENTS	PAYMENTS ARE DUE BEGINNING
24	\$5,343.95	09/01/2005			
1	\$5,877.96	08/01/2035			

DEMAND FEATURE: This loan does not have a Demand Feature. This loan has a Demand Feature as follows:

VARIABLE RATE FEATURE:
 This Loan has a Variable Rate Feature. Variable Rate Disclosures have been provided to you earlier.

SECURITY: You are giving a security interest in the property located at: 107 AVENIDA SAN DIMAS SAN CLEMENTE CA 92672

ASSUMPTION: Someone buying this property cannot assume the remaining balance due under original mortgage terms
 may assume, subject to lender's conditions, the remaining balance due under original mortgage terms.

FILING / RECORDING FEES: \$ 100.00

PROPERTY INSURANCE: Property hazard insurance in the amount of \$ 695,000.00 with a mortgagee clause to the lender is a required condition of this loan. Borrower may purchase this insurance from any insurance company acceptable to the lender.
 Hazard insurance is is not available through the lender at an estimated cost of \$0.00 for a _____ year term.

LATE CHARGES: If your payment is more than 15 days late, you will be charged a late charge of 5.000 % of the overdue payment.

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

See your contract documents for any additional information regarding non-payment, default, required repayment in full before scheduled date, and prepayment refunds and penalties.
 e means estimate

I/We hereby acknowledge reading and receiving a complete copy of this disclosure.

LESLIE BENNETT BORROWER/DATE PAUL DANIEL BENNETT BORROWER/DATE

BORROWER/DATE BORROWER/DATE

DEFINITION OF TRUTH-IN-LENDING TERMS

ANNUAL PERCENTAGE RATE

This is not the Note rate for which the borrower applied. The Annual Percentage Rate (APR) is the cost of the loan in percentage terms taking into account various loan charges of which interest is only one such charge. Other charges which are used in calculation of the Annual Percentage Rate are Private Mortgage Insurance or FHA Mortgage Insurance Premium (when applicable) and Prepaid Finance Charges (loan discount, origination fees, prepaid interest and other credit costs). The APR is calculated by spreading these charges over the life of the loan which results in a rate generally higher than the interest rate shown on your Mortgage/Deed of Trust Note. If interest was the only Finance Charge, then the interest rate and the Annual Percentage Rate would be the same.

PREPAID FINANCE CHARGES

Prepaid Finance Charges are certain charges made in connection with the loan and which must be paid upon the close of the loan. These charges are defined by the Federal Reserve Board in Regulation Z and the charges must be paid by the borrower. Non-Inclusive examples of such charges are: Loan origination fee, "Points" or Discount, Private Mortgage Insurance or FHA Mortgage Insurance, Tax Service Fee. Some loan charges are specifically excluded from the Prepaid Finance Charge such as appraisal fees and credit report fees.

Prepaid Finance Charges are totaled and then subtracted from the Loan Amount (the face amount of the Deed of Trust/Mortgage Note). The net figure is the Amount Financed as explained below.

FINANCE CHARGE

The amount of interest, prepaid finance charge and certain insurance premiums (if any) which the borrower will be expected to pay over the life of the loan.

AMOUNT FINANCED

The Amount Financed is the loan amount applied for less the prepaid finance charges. Prepaid finance charges can be found on the Good Faith Estimate/Settlement Statement (HUD-1 or 1A). For example if the borrower's note is for \$100,000 and the Prepaid Finance Charges total \$5,000, the Amount Financed would be \$95,000. The Amount Financed is the figure on which the Annual Percentage Rate is based.

TOTAL OF PAYMENTS

This figure represents the total of all payments made toward principal, interest and mortgage insurance (if applicable).

PAYMENT SCHEDULE

The dollar figures in the Payment Schedule represent principal, interest, plus Private Mortgage Insurance (if applicable). These figures will not reflect taxes and insurance escrows or any temporary buydown payments contributed by the seller.

EXHIBIT 6

NOTICE OF RIGHT TO CANCEL

LENDER: People's Choice Home Loan, Inc.

DATE 07/20/2005
LOAN NO. 10238451
TYPE Convertible ARM

BORROWERS/OWNERS LESLIE BENNETT & PAUL DANIEL BENNETT

ADDRESS 107 AVENIDA SAN DIMAS
CITY/STATE/ZIP SAN CLEMENTE, CA 92672
PROPERTY 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672

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 transaction, which is _____ ; 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 cancelled. 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 cancelled, and we must return to you any money or property you have given to 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 or property within 20 CALENDAR DAYS of your offer, you may keep it without further obligation.

HOW TO CANCEL

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

People's Choice Home Loan, Inc.
7515 IRVINE CENTER DR., IRVINE, CA 92618
ATTENTION: FUNDING MANAGER

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 (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

SIGNATURE

DATE

The undersigned each acknowledge receipt of two copies of NOTICE of RIGHT TO CANCEL and one copy of the Federal Truth in Lending Disclosure Statement.

Each borrower/owner in this transaction has the right to cancel. The exercise of this right by one borrower/owner shall be effective to all borrowers/owners.

BORROWER/OWNER LESLIE BENNETT

DATE

BORROWER/OWNER PAUL DANIEL BENNETT


DATE

BORROWER/OWNER

DATE

BORROWER/OWNER

DATE

 -84 (0010)

VMP MORTGAGE FORM 8 - (000)021-7201

12/97

EXHIBIT 7

People's Choice Home Loan, Inc.

INITIAL DISCLOSURE COVER LETTER

Re: LESLIE BENNETT
PAUL DANIEL BENNETT
107 AVENIDA SAN DIMAS
SAN CLEMENTE , CA 92672

Date: 07/14/2005
Loan Number: 10238451

Thank you for your recent loan application.

We enclose the following consumer credit disclosures and notices for your credit request:

1. Truth In Lending Disclosure
2. Good Faith Estimate
3. Notice Regarding Required use of Settlement
4. RESPA Transfer of Servicing Disclosure
5. Appraisal Disclosure
6. Fees and Charges for your loan
7. Privacy Policy
8. ARM Program Disclosure
9. Fair Lending Notice
10. Hazard Insurance Disclosure
11. CA Consumer Credit Score Disclosure

In addition, we enclose the HUD Settlement Costs handbook and, if applicable, a handbook which explains the features of your adjustable rate mortgage (see CHARM Handbook)

These disclosures and notices have been prepared based on preliminary information you and your mortgage broker (if applicable) have provided to us. We will provide you with final disclosures and notices prior to loan closing.

Once we have received all required documents and information, we will make a good faith effort to process your mortgage loan application and to issue a final conditional approval as quickly as possible. Certain circumstances or events unknown to us at this time may cause us delays in processing your mortgage loan application.

Please Sign the acknowledgment below as well as a copy of the Servicing Disclosure Statement to evidence that you have received the enclosed disclosures and notices, and return both signed forms to us. This is neither a contract nor a commitment to lend. Thank you.

ACKNOWLEDGMENT

The undersigned hereby acknowledges receipt of the disclosures and notices listed above.

LESLIE BENNETT (Date)

PAUL DANIEL BENNETT (Date)

(Date)

(Date)

(Date)

(Date)



18008 Sky Park Circle, #200
 Irvine, CA 92614

Phone: (949) 442-0412
 Fax: (949) 442-0417

BORROWER'S ESTIMATED CLOSING COSTS

PROPERTY: 107 Avenida San Dimas **DATE:** July 20, 2005
 San Clemente, CA 92672
BORROWER: Leslie Bennett and Paul Daniel Bennett **CLOSING DATE:** July 25, 2005
ESCROW NO.: 50014327

	<u>DEBITS</u>	<u>CREDITS</u>
FINANCIAL CONSIDERATION		
New 1st Trust Deed		695,000.00
PAYOFF CHARGES - LITTON		
[Total Payoff \$518,000.00] ESTIMATE ONLY!!		
Principal Balance	500,000.00	
Prepayment Penalty	18,000.00	
PAYOFF CHARGES - WASHINGTON MUTUAL		
[Total Payoff \$96,000.00] ESTIMATE ONLY!!		
Principal Balance	96,000.00	
LOAN INFORMATION - People's Choice Home Loan, Inc.		
[Charges \$18,068.95]		
Loan Origination Fee to MC Funding, Inc.	13,900.00	
Appraisal Fee POC \$350.00 to MC Funding, Inc.		
Credit Report to MC Funding, Inc.	18.00	
Tax Service to People's Choice Home Loan, Inc.	70.00	
Appraisal Review Fee to People's Choice Home Loan, Inc.	210.00	
Processing Fee to MC Funding, Inc.	695.00	
Admin Fee to MC Funding, Inc.	850.00	
Application Fee to MC Funding, Inc.	395.00	
Yield Spread Premium paid by Lender POC \$6,950.00 to MC Funding, Inc.		
Underwriting Fee to People's Choice Home Loan, Inc.	485.00	
Funding Fee to People's Choice Home Loan, Inc.	300.00	
Flood Determination Fee to People's Choice Home Loan, Inc.	13.00	
Interest at \$161.8500/day from 07/25/2005 to 08/01/2005 to People's Choice Home Loan, Inc.	1,132.95	
OTHER DEBITS/CREDITS		
INSURANCE PREMIUM (EST/IF REQUIRED) for Fire Insurance	600.00	
SIGNING FEE for	150.00	
TITLE/TAXES/RECORDING CHARGES		
ALTA Loan Policy Fee to Stewart Title of California, Inc.	1,481.20	
Policy Endorsements to Stewart Title of California, Inc.	150.00	
Recording Grant Deed	25.00	
Recording Trust Deed	100.00	
Delinquent Taxes	1,270.14	
ESCROW CHARGES		
Escrow Fee	650.00	
Drawing Grant Deed	100.00	
Refund	58,404.71	
TOTAL	\$ 695,000.00	\$ 695,000.00

THIS IS AN ESTIMATE ONLY AND FIGURES ARE SUBJECT TO CHANGE

 Leslie Bennett

 Paul Daniel Bennett

EXHIBIT 9

ITEMIZATION OF AMOUNT FINANCED

Loan Number: 10238451 Date: 07/20/2005
 Loan Amount \$ 695,000.00
 Name of Borrower: LESLIE BENNETT & PAUL DANIEL BENNETT
 Address of Borrower: 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CA 92672
 Name of Lender: People's Choice Home Loan, Inc.
 Address of Lender: 7515 IRVINE CENTER DR., IRVINE, CA 92618
 Property Address: 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672

Itemization of Amount Financed of	\$	675,849.05
Amount given to you directly	\$	674,100.05
Amount paid on your account	\$	
Amount paid to others on your behalf		
Appraisal fee to appraiser	\$	350.00
Hazard insurance to insurance agency	\$	
Settlement closing fees to	\$	
Document preparation fee to	\$	
Notary fee to	\$	
Title insurance premium to title ins. co.	\$	
Survey	\$	
Yield Spread Premium (Paid By Lender to Broker) P.D.C.	\$	6950.00
	\$	
	\$	
Prepaid finance charges		
Loan discount 0.000	\$	
Mortgage insurance	\$	
Buydown costs	\$	
Lender's inspection fee	\$	
Amortization schedule fee	\$	
Administration Fee	\$	850.00
Application Fee	\$	395.00
Appraisal Review Fee	\$	210.00
Processing Fee	\$	695.00
	\$	0.00
Total Prepaid finance charges	\$	19150.95

I/We hereby acknowledge receipt of this itemization of amount financed, and authorize direct disbursement as set forth.
 BORROWER'S SIGNATURE(S) DATE

_____/_____
 LESLIE BENNETT

_____/_____
 PAUL DANIEL BENNETT

EXHIBIT 10

Paul Daniel Bennett
107 Avenida San Dimas
San Clemente, California 92672

September 28, 2006

CERTIFIED MAIL RETURN RECEIPT # 7006-0100-1987-2040

Wilshire Credit Corp.
ATTN: Legal Department
P.O. Box 7195
Pasadena, California 91109

Re: Loan No. 1652984
Property address: 107 Avenida San Dimas, San Clemente, California 92672

ACTUAL NOTICE TO RESCIND; NOTICE OF DISPUTE;
QUALIFIED WRITTEN REQUEST & REQUEST FOR ACCOUNTING

Dear Legal Department

I hereby give effective notice to rescind and cancel this transaction. Notice to the Principal is Notice to the Agent and Notice to the Agent is Notice to the Principal.

I have conducted a reasonable investigation and inquiry into this matter and I have concluded that the original lender Peoples Choice Home Loan, Inc. failed to provide all material disclosures correctly made as that term is defined under 15 U.S.C. § 1635(a); Reg. Z §§ 226.23(a)(3) and in a form that I may keep pursuant to Reg. Z §§ 226.23(a)(3), and pursuant to 15 U.S.C. § 1602(u). This transaction has an overstated "amount financed" and an understated "finance charge" that exceeds tolerance and is subject to the unconditional right to rescind within three days which has not yet begun to run due to the foregoing facts. Wilshire Credit Corp. is subject to liability by virtue of an alleged assignment.

In addition I am unable to identify the true owner of this obligation and I am aware that Wilshire Credit Corp. is not the holder and owner of the original promissory note agreement. Clearly the promissory note has been sold and deposited into a special purpose vehicle pursuant to a structured finance transaction that subsequently changed the costs and risks associated with this transaction pursuant to Regulatory Accounting Principles and capital support requirements.

Your previous correspondence states notice of our rights under 15 U.S.C. § 1692 et seq. ("FDCPA") and this notice is sufficient to inform you that your claim is disputed. Please cease and desist collection and invalidate the security instrument, show evidence thereof, and verify under oath that this claim is valid, free from any claims and defenses including but not limited to: claims in recoupment and set-off under 15 U.S.C. §§ 1601 et seq. ("TILA"), and Regulation Z ("Reg. Z") 12 C.F.R. §§ 226.1 et seq., the Real Estate Settlement

Procedures Act ("RESPA") under 12 U.S.C. § 2601 *et seq.*, fraud in the inducement for a yield spread premium paid outside of closing, breach of fiduciary duty,

Further, this notice is based on the amount alleged due and owing in regard to the above stated account number and property description. Based upon the records I have, I am extremely confused and unsure as to who the current Note holder is or whether Wilshire Credit Corp. is a real party in interest at all. I have no authenticated documentary evidence that proves whether you provided any consideration set forth in the original promissory note agreement or Wilshire Credit Corp. has any right of attachment under California Statutes.

Since you are not the current holder of the original promissory note and mortgage with my bona fide signature related to this transaction and account, please provide the name and address of said holder pursuant to 15 U.S.C. § 1641(f)(2) and describe your relationship to this entity.

Therefore, please treat this notice as an additional qualified written request as that term is defined pursuant to 12 U.S.C. § 2605(e)(1)(B) and a request for accounting pursuant to Revised Article 9; Uniform Commercial Code § 9-210 *et seq.*

Specifically you are hereby requested to produce:

- 1) For each payment received prior to initiation of any non-judicial foreclosure proceeding, a complete payment history, including but not limited to the dates and amounts of all the payments that have been made on the alleged loan to date, how the payment was applied or credited (indicating the portion, if any, applied or credited to principal, interest, escrow or suspense), the month to which the payment was applied and if interest and principle is calculated using an daily actuarial accounting method;
- 2) The recipient and amounts of any and all foreclosure fees and costs that have been charged to this account, including dates and amounts;
- 3)
 - A) A breakdown of the current escrow charge showing how it is calculated and the reasons for any increase since origination,
 - B) All escrow payments showing the amount, payment date, purpose, and recipient of all escrow account items, including but not limited to taxes, water, sewer charges, and insurance premiums, charged and/or assessed to the indicated mortgage account since origination,
 - C) A certified copy of any annual escrow statements and notices of a shortage, deficiency or surplus, sent to me since origination;
- 4) An explanation of how the amount alleged due was calculated and an explanation of why this amount was deemed in default;
- 5) The amount, payment date, purpose, and recipient of all foreclosure expenses, late charges, NSF check charges, appraisal fees, property

inspection/preservation fees, force placed insurance charges, legal fees, recoverable corporate advances, and other expenses or costs that have been charged and/or assessed since origination;

- 6) A comprehensive review accounting document showing the breakdown of the amount claimed arrears or delinquencies;
- 7) A certified copy of all Master Pooling and Service Agreements between Wilshire Credit Corp. and the creditor who is allegedly holder in possession of the original promissory note agreement whereby the original promissory note agreement was pooled and securitized into a mortgage backed security;
- 8) A certified copy of all recourse agreements between Wilshire Credit Corp. and any other bank or depository or financial institution and/or mortgage company as it relates specifically to this account and the original promissory note agreement;
- 9) A certified copy of the Trust Agreement between Wilshire Credit Corp. and any other bank or depository or financial institution and/or mortgage company as it relates specifically to this account and the original promissory note agreement;
- 10) A certified copy of the written notice and material disclosure provided at settlement and additionally that informs this consumer of all effective dates concerning the transfer of the Note and Security Instrument pursuant to 12 USC § 2605(c);
- 11) A certified copy of all letters, statements, documents, and material disclosures sent to this consumer by previous Servicers, Sub-Servicers or others in your file or in your control or possession or in the control or possession of any affiliate, parent company, agent, Sub-Servicers, Servicers, attorney or other representative of your company;
- 12) All accounting ledger journal entries and/or bookkeeping entries regarding the crediting of any and all Promissory Notes, money equivalents, or similar instruments, identified as or evidencing assets whether provided by and/or signed by the alleged borrowers and consumers relating to this Account
- 13) A certified copy of all Truth in Lending disclosures in your file allegedly provided to the consumers at any alleged closing or consummation;
- 14) All account receivables relating to this Account that Wilshire Credit Corp. recorded in its accounting ledger bookkeeping journal entries;
- 15) The particulars of this Account setting forth each item recorded on the account since origination to include any and all Promissory Notes, money equivalents, or similar instruments, identified as or evidencing assets whether provided by and/or signed by the alleged borrower and consumers on which

Wilshire Credit Corp. bases an amount alleged due and owing, and the date that each item was delivered to you;

16) An identification of the source of the funds used to fund the loan since its origination, including account name(s), number(s), and amount(s);

17) An identification of the source of the funds Wilshire Credit Corp. used to purchase any and all Promissory Notes, money equivalents, or similar instruments, identified as or evidencing assets provided by and/or signed by the alleged borrower and consumer, and claims is due and owing, including account name(s), number(s), and amount(s) and the date the purchase was completed by you;

18) Certified copies, front and back, of all checks issued by Wilshire Credit Corp. used to fund and purchase and in payment of said promissory note, security instrument and all copies of checks paid as third-party fees paid out of closing by you;

19) A complete statement of damages and legal detriment, including each and every loss that Wilshire Credit Corp. incurred under the original promissory note agreement which a non-judicial foreclosure proceeding is based;

Further, you are hereby requested to produce:

1. A certified copy of the Master Pooling Service Agreement that names Wilshire Credit Corp. as the Servicer of this transaction;
2. Pursuant 17 CFR 240.12g5-1 provide the name of the "record holders" and/or the name of "each person who is identified as the owner of such securities on records of security holders maintained by or on behalf of the issuer."
3. A certified copy the Registration Statement as that term is defined under 15 USC § 77b(a)(8), i.e.; Form 8-A (short form) and Form 10 (long form) Registration Statements under the 1934 Act, Form S-1 and S-3 Registration Statement under the 1933 Act;
4. Any request for exemption or No-action letters from SEC with respect to their securities and all ACTS and certified copies of the application filed with the SEC for exempt status and the order issued by the SEC granting exempt relief from the appropriate provisions;
5. If no registration statement pursuant to the 1933 Act is available or otherwise required, please provide a comprehensive description that meets the "General Statement" of Regulation S and satisfies the conditions applied to the "Safe Harbor" rule.
6. The Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") Pub. L. 97-248, 96 Stat. 324, a bearer debt security generally must be issued under

arrangements reasonably designed to ensure that such obligation will be sold only to a person who is not a United States person and must satisfy certain other conditions identified in the Tax Code § 163(f)(2)(B), and as such please provide:

- a) The Identify of all parties with ownership interest who have met the criteria as adopted by Treasury Regulation § 1.163-5(c)(i)(D) "TEFRA D" and § 1.163-5(c)(i)(C) "TEFRA C"
- b) Certified copies of all statements on a U.S. Form W-8 or substitute thereto certifying the owner's non-U.S. status where the obligations issued in registered form are not subject to the TEFRA rules and considered "portfolio interest."
- c) All information statements and returns filed with the IRS which identifies the name and address of all recipients of interest and original issue discount that meets the provisions of a U.S. obligor making payments to a foreign person under the Tax Code §§ 871(a)(1), 881(a), 1441(a), 1442(a) and § 6049

7. A Description whether the Special Purpose Vehicle or the originator is the "issuer" as that term is defined under 15 USC § 80a-2(a)(22) for registration purposes under the Investment Company Act of 1940;

8. A description whether the pool or securities issued is required to register under the statutory or statistical definition of the 1940 Act? i.e. pursuant 17 CFR 270.3a-7 and if exempt, describe the characteristics that define the exception and avoids all requirements;

9. The allonge, front and back, affixed to the original promissory note with indorsements relating to and/or associated with this transaction.

I am aware that the information contained in or filed with a Registration Statement as that term is defined under 15 USC § 77b(a)(8) shall be made available to the public under 15 U.S.C. § 77f(d) including any amendment thereto and any report, document, or memorandum filed as part of such statement or incorporated therein by reference.

If you cannot or refuse to provide any of the above specified information and indicated documentation, please explain why. You must contact me in writing and request an extension in the event that you need more than twenty-days (20) to invalidate the security instrument and evidence thereof, and credit this account as follows:

1. All Finance Charges including all Finance Charges already accrued;
2. All closing costs;
3. Security interest charges;
 - Even if it is part of the amount financed as opposed to a finance charge;

4. All other charges incurred for the actual credit transaction;
 - Application fees
 - Membership fees
 - Commitment fees
 - Appraisal fees
 - Survey fees
 - Broker fees
 - Credit report fees
 - Filing fees
 - Title search fees
 - Attorney fees
5. Any money given as earnest money, down payment or otherwise;
6. Credit any payment made on the entire loan;
7. All cost incurred outside of the credit transaction must be refunded including any attorney's fees associated with the foreclosure or else they become an actual damage.

All communications or omissions will be considered intentional on your part and made a part of and incorporated into any litigation arising from this matter. Thank you for your prompt response and I look forward to a quick resolution of this matter.

Sincerely

Paul Daniel Bennett

Date

- **Membership fees**
 - **Commitment fees**
 - **Appraisal fees**
 - **Survey fees**
 - **Broker fees**
 - **Credit report fees**
 - **Filing fees**
 - **Title search fees**
 - **Attorney fees**
5. **Any money given as earnest money, down payment or otherwise;**
 6. **Credit any payment made on the entire loan;**
 7. **All cost incurred outside of the credit transaction must be refunded including any attorney's fees associated with the foreclosure or else they become an actual damage.**

All communications or omissions will be considered intentional on your part and made a part of and incorporated into any litigation arising from this matter. Thank you for your prompt response and I look forward to a quick resolution of this matter.

Sincerely


Paul Daniel Bennett

9/28/06
Date

NOV-5-2006 08:01P FROM:

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ 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. 	<p>A. WELLS FINANCIAL SERVICES Los Angeles <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by <i>(Printed Name)</i> <input type="checkbox"/> Regional Lockbox Site C. Date of Delivery</p>
<p>1. Article Addressed to:</p> <p>WILSHIRE CREDIT CORP. ATTN: LEGAL DEPARTMENT P.O. BOX 7195 PASADENA, CALIFORNIA 91109</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p style="text-align: center;">SEP 29 2006</p> <p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number <i>(Transfer from service label)</i></p>	<p>7006 0100 0001 1987 2040 10</p>
<p>PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540</p>	

EXHIBIT 11



Wilshire Credit Corporation

October 25, 2006

Leslie Bennett
Paul Daniel Bennett
107 Avenida San Dimas
San Clemente, CA 92672

Payments
P.O. Box 105344; Atlanta, GA 30348-5344
or P.O. Box 7195; Pasadena, CA 91109-7195

Correspondence
P.O. Box 8517; Portland, OR 97207-8517

Phone
(888) 502-0100

Fax
(503) 952-7476

Web Site
www.wcc.ml.com

RE: Loan No. 1652984

Dear Mr. and Mrs. Bennett:

Your correspondence concerning the above referenced loan has been referred to my attention for response. Wilshire Credit Corporation is still in the process of reviewing the claims you have made regarding the origination of your loan.

Because it is necessary to research your allegations with the originator of your loan, we will require additional time to make the inquiries about this matter. We anticipate that this review may be completed by the middle of November. If an additional extension is necessary, we will be in contact with you.

Sincerely,

Mrs. P. White
Correspondence Response Team

YOU SHOULD CONSIDER THIS LETTER AS COMING FROM A DEBT COLLECTOR AS WE SOMETIMES ACT AS A DEBT COLLECTOR. ANY INFORMATION PROVIDED BY YOU WILL BE USED TO COLLECT THIS DEBT. HOWEVER, IF YOU ARE IN BANKRUPTCY OR RECEIVED A BANKRUPTCY DISCHARGE OF THIS DEBT, THIS LETTER IS NOT AN ATTEMPT TO COLLECT THE DEBT, BUT NOTICE OF POSSIBLE ENFORCEMENT OF OUR LIEN AGAINST THE COLLATERAL PROPERTY. COLORADO: FOR INFORMATION ABOUT THE COLORADO FAIR DEBT COLLECTION PRACTICES ACT, SEE <http://www.ago.state.co.us/cadc/cadomain.cfm>. NEW YORK CITY: License 1032551. NORTH CAROLINA: Permit 3840. TENNESSEE: This collection agency is licensed by the Collection Service Board of the Department of Commerce and Insurance. Wilshire Credit Corporation is licensed to do business at 14523 S.W. Millikan Way, Beaverton, OR. Wilshire's office hours are Monday – Friday 8:00 am to 5:00 pm Pacific time, holidays excluded.

EXHIBIT 12

OCT-27-2006 08:05A FROM:
10/06/2006 07:51

19496223333

ASA, URANGE CA

TO: 2060404

P. 1
PAGE 02/04

Recording requested by:
Quality Loan Service Corp.

When recorded mail to:
Quality Loan Service Corp.
319 Elm Street, 2nd Floor
San Diego, CA 92101

TS # CA-06-62211-DL
Loan # 1652984

SPACES ABOVE THIS LINE FOR RECORDER'S USE

NOTICE OF TRUSTEE'S SALE

YOU ARE IN DEFAULT UNDER A DEED OF TRUST DATED 7/20/2005. 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.

A public auction sale to the highest bidder for cash, cashier's check drawn on a state or national bank, check drawn by state or federal credit union, or a check drawn by a state or federal savings and loan association, or savings association, or savings bank specified in Section 5102 to the Financial code and authorized to do business in this state, will be held by duly appointed trustee. The sale will be made, but without covenant or warranty, expressed or implied, regarding title, possession, or encumbrances, to pay the remaining principal sum of the note(s) secured by the Deed of Trust, with interest and late charges thereon, as provided in the note(s), advances, under the terms of the Deed of Trust, interest thereon, fees, charges and expenses of the Trustee for the total amount (at the time of the initial publication of the Notice of Sale) reasonably estimated to be set forth below. The amount may be greater on the day of sale.

BENEFICIARY MAY ELECT TO BID LESS THAN THE TOTAL AMOUNT DUE.

Trustor(s): **LESLIE BENNETT AND PAUL DANIEL BENNETT, WIFE AND HUSBAND AS JOINT TENANTS**
Recorded: **7/26/2005 as Instrument No. 2005-000575540 in book XXX, page XXX of Official Records in the office of the Recorder of ORANGE County, California;**
Date of Sale: **11/16/2006 at 2:00:00 PM**
Place of Sale: **AT THE NORTH FRONT ENTRANCE TO THE COUNTY COURTHOUSE, 700 CIVIC CENTER DRIVE WEST, SANTA ANA, CALIFORNIA**
Amount of unpaid balance and other charges: **\$733,865.71**
The purported property address is: **107 AVENIDA SAN DIMAS
SAN CLEMENTE, CA 92672**
Assessors Parcel No. **060-091-26**

The undersigned Trustee disclaims any liability for any incorrectness of the property address or other common designation, if any, shown herein. If no street address or other common designation is shown, directions to the location of the property may be obtained by sending a written request to the beneficiary within 10 days of the date of first publication of this Notice of Sale.

If the Trustee is unable to convey title for any reason, the successful bidder's sole and exclusive remedy shall be the return of monies paid to the Trustee, and the successful bidder shall have no further recourse.

Date: 10/26/2006

Quality Loan Service Corp.
319 Elm Street, 2nd Floor
San Diego, CA 92101
619-645-7711 For NON SALE information only
Sale Line: 714-259-7850 or Login to: www.fidelityasap.com
Reinstatement Line: (619) 645-7711 ext 400

Tanner Coisell, New Orders Clerk

If you have previously been discharged through bankruptcy, you may have been released of personal liability for this loan in which case this letter is intended to exercise the note holder's rights against the real property only.

EXHIBIT B



Scanning Cover Page



* 1 0 2 3 8 4 5 1 *

Loan: *10238451*

Borrower: LESLIE BENNETT



Sanctity of Contract

AUGUST 06, 2005

People's Choice Home Loan, Inc.
7515 Irvine Center Dr.
Irvine, CA 92618

Attn: Loan Closing

RE: Order No.: 92509364
Your No. : 10238451
Property Address: 107 Avenida San Dimas
San Clemente, CA

Dear Loan Dept.,

In connection with the above referenced order number, enclosed herewith please find the following:

Your policy as requested.

Thank you for your patronage.

STEWART TITLE OF CALIFORNIA, INC.,
ORANGE COUNTY DIVISION
180 NORTH RIVERVIEW DR., SUITE 100 - ANAHEIM, CA 92808
(714) 685-2320 www.stewarttitle.com
MEMBER CALIFORNIA LAND TITLE ASSOCIATION

W
J
8

8-11-05

10238451
Bennett

**SHORT FORM RESIDENTIAL
LOAN POLICY - ONE-TO-FOUR FAMILY**
Issued by Stewart Title Guaranty Company

WLD5

SCHEDULE A

Amount of Insurance:	695,000.00	Premium:	1,481.20
Mortgage Amount:	695,000.00	Policy Number:	M-9768-221689
File Number:	92509364	Date of Policy:	July 26, 2005
Loan Number:	10238451	(or the date of recording of the insured mortgage, whichever is later.)	
Mortgage Date:	July 20, 2005		
Name of Insured:	People's Choice Home Loan Inc. its successors and/or assigns		
Name of Borrower(s):	Leslie Bennett and Paul Daniel Bennett, wife and husband as Joint Tenants		
Property Address:	107 Avenida San Dimas San Clemente		
County and State:	Orange, CA		

The estate or interest in the land identified in this Schedule A and which is encumbered by the insured mortgage is fee simple and is at Date of Policy vested in the borrower(s) shown in the insured mortgage and named above.

The land referred to in this policy is described as set forth in the insured mortgage and is identified as the property address shown above.

This policy consists of one page, including the reverse side hereof, unless an addendum is attached and indicated below:

- Addendum attached
- No addendum attached

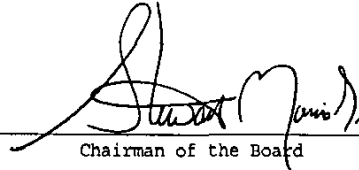
The ALTA endorsement indicated below are incorporated herein:

- | | |
|--|--|
| <input type="checkbox"/> ENDORSEMENT 4 (Condominium) or | <input type="checkbox"/> ENDORSEMENT 4.1 |
| <input type="checkbox"/> ENDORSEMENT 5 (Planned Unit Development) | <input type="checkbox"/> ENDORSEMENT 5.1 |
| <input checked="" type="checkbox"/> ENDORSEMENT 6 (Variable Rate) | |
| <input type="checkbox"/> ENDORSEMENT 6.2 (Variable Rate - Negative Amortization) | |
| <input type="checkbox"/> ENDORSEMENT 7 (Manufactured Housing) | |
| <input checked="" type="checkbox"/> ENDORSEMENT 8.1 (Environmental Protection Lien) | |
| referring to the following state statute(s): NONE | |
| <input checked="" type="checkbox"/> ENDORSEMENT 9 (Restrictions, Encroachments, Mineralials) | |

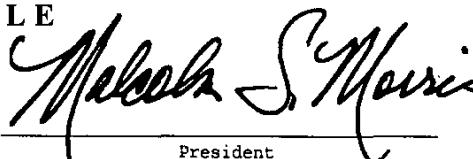
Signed under seal for the Company, but this Policy is only valid when it bears an authorized countersignature, this the 26 day of July, 2005

Sanctity of Contract

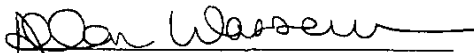
**STEWART TITLE
GUARANTY COMPANY**


Chairman of the Board




President

Countersigned:


Authorized Countersignature
STEWART TITLE OF CALIFORNIA, INC.
Agent ID:

Policy Serial Number M-9768- 221689

SUBJECT TO THE EXCEPTIONS FROM COVERAGE IN SCHEDULE B BELOW, AND ANY ADDENDUM ATTACHED HERETO, STEWART TITLE GUARANTY COMPANY, A TEXAS CORPORATION, HEREIN CALLED THE "COMPANY", HEREBY INSURES THE INSURED IN ACCORDANCE WITH AND SUBJECT TO THE TERMS, EXCLUSIONS, CONDITIONS AND STIPULATIONS SET FORTH IN THE AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92), ALL OF WHICH ARE INCORPORATED HEREIN. ALL REFERENCES TO SCHEDULES A & B SHALL REFER TO SCHEDULES A & B OF THIS POLICY.

SCHEDULE B

EXCEPTIONS FROM COVERAGE AND AFFIRMATIVE ASSURANCES

Except to the extent of the affirmative insurance set forth below, this Policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Those taxes and special assessments which become due and payable subsequent to Date of Policy.
2. Covenants, conditions and restrictions, if any, appearing in the public records; however, this Policy insures against loss or damage arising from:
 - a. the violation of any covenants, conditions and restrictions on or prior to Date of Policy, except that this affirmative insurance does not extend to covenants, conditions and restrictions relating to enviromental protection, unless a notice of a violation thereof has been recorded or filed in the public records and is not referenced in an addendum attached to this Policy;
 - b. a forfeiture or revision of title from a future violation of any covenants, conditions and restrictions appearing in the public records, including any relating to environmental protection; and
 - c. any provisions in any covenants, conditions and restrictions under which the lien of the insured mortgage can be extinguished, subordinated or impaired.
3. Any easements or servitudes appearing in the public records; however, this Policy insures against loss or damage arising from (a) the encroachment, at Date of Policy, of the improvements on any easement; and (b) any interference with or damage to existing improvements, including lawns, shrubbery and trees, resulting from the use of the easements for the purposes granted or reserved.
4. Any lease, grant, exception or reservation of minerals or mineral rights appearing in the public records, however, this Policy insures against loss or damage arising from: (a) any effect on or impairment of the use of the land for residential one-to-four family dwelling purposes by reason of such lease, grant, exception or reservation of minerals or mineral rights; and (b) any damage to existing improvements, including lawns, shrubbery and trees, resulting from the future exercise of any right to use the surface of the land for the extraction or development of the minerals or mineral rights so leased, granted excepted or reserved. Nothing herein shall insure against loss or damage resulting from subsidence.
5. This policy insures against loss or damage by reason of any violation, variation, encroachment or adverse circumstance affecting the title that would have been disclosed by an accurate survey. The term "encroachment" includes encroachments of existing improvements located on the land onto adjoining land, and encroachments onto the land of existing improvements located on adjoining land.

Exhibit 1 - '04

Stewart Title Guaranty Company, Stewart Title Insurance Company, Stewart Title of California, Inc.

Privacy Policy Notice

PURPOSE OF THIS NOTICE

Title V of the Gramm-Leach-Bliley Act (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you with this document, which notifies you of the privacy policies and practices of Stewart Title Guaranty Company, Stewart Title Insurance Company, Stewart Title of California, Inc.

We may collect nonpublic personal information about you from the following sources:

- * Information we receive from you, such as on applications or other forms.
- * Information about your transactions we secure from our files, or from our affiliates or others.
- * Information we receive from a consumer reporting agency.
- * Information that we receive from others involved in your transaction, such as the real estate agent or lender.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to nonaffiliates third parties permitted by law.

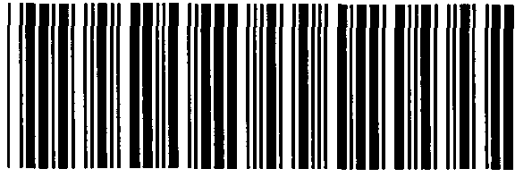
We also may disclose this information about our customers or former customers to companies that perform services on our behalf as permitted by law.

WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.



Scanning Cover Page



* 1 0 2 3 8 4 5 1 *

Loan: *10238451*

Borrower: LESLIE BENNETT



People's Choice
Home Loan, Inc.
The Flexible Lending Solution

Loan No.: 10238451

CONFIRMATION OF RECORDING/DISBURSEMENT

FUNDED: 07/25/2005

Borrower: LESLIE BENNETT

Completed by:

Co Borrower: PAUL DANIEL BENNETT

Today's Date: July 28, 2005

Collateral Address: 107 AVENIDA SAN DIMAS, SAN
CLEMENTE, CALIFORNIA 92672

County of:

Name of Title/Escrow Company: STEWART TITLE OF CALIFORNIA

Telephone Number: (714)685-2320

Title Officer/Closing Agent: SONIA GIL

Title Order Number: 92509364(SG)

Recording Date: 7/26/05

Confirmed Date: 7/28/05

Disbursement Date: ~~08-25~~ 7/26/05

Deed of Trust Instrument Number: 05-575540

DOCKET: _____ BOOK: _____ PAGE: _____

DISBURSED FUNDS: YES NO (if "NO" Explain Below)



People's Choice
Home Loan, Inc.
The Flexible Lending Solution

LOAN DISBURSEMENT INSTRUCTIONS

Hub/Loan No: 110 10238451
Prime Borrower: BENNETT, LESLIE
Property: 107 AVENIDA SAN DIMAS
SAN CLEMENTE, CA 92672

Est.Fund Date: 07/25/2005 11:49:52
Funding Date: 07/25/2005 11:49:55
Note Date: 07/20/2005
Agent: Steven Fattorusso
Funder: Sal Duenas

Please send "Net Wire Amount" to the receiver listed under "Wiring Instructions"

Fees Retained By People's Choice Home Loan, Inc.

NOTE Amount: \$695,000.00

Prepaid Interest: (from 07/25/2005 to 08/01/2005)
(at 161.8500 per day X 7 days)

ITEM	AMOUNT	PAID BY	PAID TO
Underwriting Fee	\$485.00	BORROWER	LENDER
Tax Service Fee	\$70.00	BORROWER	LENDER
Flood Determination Fee	\$13.00	BORROWER	LENDER
Appraisal Review Fee	\$210.00	BORROWER	LENDER
Funding Fee	\$300.00	BORROWER	LENDER
Prepaid Interest	\$1,132.95	BORROWER	LENDER

TOTAL:	\$2,210.95		
FEES PAID BY PCHLI			
Yield Spread Premium	\$6,950.00	LENDER	BROKER

TOTAL:	\$6,950.00		

Net Wire Amount: \$699,739.05

Wire Instructions	
Receiver Name:	[REDACTED]
City/State/Zip:	[REDACTED]
Phone # :	[REDACTED]
Receiver ABA #	[REDACTED]
Credit to:	[REDACTED]
Account # :	[REDACTED]
Further Credit To:	[REDACTED]
Account # :	[REDACTED]
Wire Amount:	\$699,739.05
Reference Title #:	[REDACTED]
Attn:	[REDACTED]

TO BE COMPLETED BY TREASURY DEPARTMENT

Authorization: _____ EXHIBIT B Direct Line: _____ Page 106	Bank Confirmation With: _____ Amount: _____ Time: _____ Confirmed by: _____
---	--

A. SETTLEMENT STATEMENT U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
FINAL			
B. Type of Loan			OMB No. 2502 0265
1. <input type="checkbox"/> FHA 2. <input type="checkbox"/> FmHA 3. <input checked="" type="checkbox"/> Conv. Unins.	6. File Number	7. Loan Number	Mortgage Insurance Number
4. <input type="checkbox"/> VA 5. <input type="checkbox"/> Conv. Ins.	50014327	110-10238451	
C. Note: THIS NOTE IS FURNISHED TO GIVE YOU A STATEMENT OF THE ACTUAL SETTLEMENT COSTS. AMOUNTS PAID TO ANY AND BY THE SETTLEMENT AGENT ARE SHOWN. ITEMS MARKED "(P.O.C.)" WERE PAID OUTSIDE OF THE CLOSING. THEY ARE SHOWN HERE FOR INFORMATION PURPOSES AND ARE NOT INCLUDED IN THE TOTALS.			
D. Name and Address of Borrower		E. Name and Address of Seller	F. Name and Address of Lender
Leslie Bennett Paul Daniel Bennett 107 Avenida San Dimas San Clemente, CA 92672			People's Choice Home Loan, Inc. 7515 Irvine Center Drive Irvine, CA 92618
G. PROPERTY LOCATION		H. Settlement Agent	
107 Avenida San Dimas San Clemente, CA 92672		The Escrow Factory, Inc.	
		Place of Settlement	Settlement Date
		18008 Sky Park Circle, #200 Irvine, CA 92614	July 25, 2005
J. SUMMARY OF BORROWER'S TRANSACTIONS		K. SUMMARY OF SELLER'S TRANSACTIONS	
100. GROSS AMOUNT DUE FROM BORROWER		400. GROSS AMOUNT DUE TO SELLER	
101. Contract Sales Price		401. Contract sales price	
102. Personal Property		402. Personal property	
103. Settl. Chrgs. to Borrower (line 1400)	23,376.29	403.	
104. LITTON	518,002.30	404.	
105. WASHINGTON MUTUAL	97,407.40	405.	
Adjustments for items paid by seller in advance		Adjustments for items paid by seller in advance	
106. City/Town Taxes		406. City/Town taxes	
107. County Taxes		407. County taxes	
108. Assessments		408. Assessments	
109.		409.	
110.		410.	
111.		411.	
112.		412.	
120. Gross Amount Due From Borrower	638,785.99	420. Gross Amount Due to Seller	
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER		500. REDUCTIONS IN AMOUNT DUE TO SELLER	
201. Deposits or Earnest Money		501. Excess deposit (see instructions)	
202. New 1st Trust Deed	695,000.00	502. Settl. chrgs. to seller (line 1400)	
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204.		504.	
205.		505.	
206.		506.	
207.		507.	
208.		508.	
209.		509.	
Adjustments for items unpaid by seller		Adjustments for items unpaid by seller	
210. City/Town taxes		510. City/Town taxes	
211. County taxes		511. County taxes	
212. Assessments		512. Assessments	
213.		513.	
214.		514.	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. Total Paid By/For Borrower	695,000.00	520. Total Reductions in Amount Due Seller	
300. CASH AT SETTLEMENT FROM TO BORROWER		600. CASH AT SETTLEMENT FROM TO SELLER	
301. Gross Amounts due from Borrower (line 120)	638,785.99	601. Gross amount due to Seller (line 420)	
302. Less amounts paid by/for Borrower (line 220)	695,000.00	602. Less reductions in amount due Seller (line 520)	
303. CASH TO BORROWER	56,214.01	603. CASH FROM SELLER	

CERTIFIED TO BE A TRUE AND CORRECT
 COPY OF THE SIGNED ORIGINAL

EXHIBIT B

BY: _____

Page 107

L. SETTLEMENT STATEMENT		
700 TOTAL SALES/BROKER'S COMMISSION	PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLER'S FUNDS AT SETTLEMENT
Based on price \$ @ %		
701.		
702.		
703. Commission paid at settlement		
704.		
800 ITEMS PAYABLE IN CONNECTION WITH LOAN		
801. Loan Origination Fee to MC Funding, Inc.	13,900.00	
802. Loan discount		
803. Appraisal Fee POC \$350.00 to MC Funding, Inc.		
804. Credit Report to MC Funding, Inc.	18.00	
805. Lender's inspection fee		
806. Mortgage insurance application fee		
807. Assumption fee		
808. Tax Service to People's Choice Home Loan, Inc.	70.00	
809. Appraisal Review Fee to People's Choice Home Loan, Inc.	210.00	
810. Processing Fee to MC Funding, Inc.	695.00	
811. Additl. Items See Page #3	2,043.00	
900 ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE		
901. Interest at \$161.8500/day from 07/25/2005 to 08/01/2005 to People's Choice Home Loan, Inc.	1,132.95	
902. Mortgage insurance		
903. Hazard insurance		
904. Flood insurance		
905.		
1000 RESERVES DEPOSITED WITH LENDER		
1001. Hazard insurance		
1002. Mortgage insurance		
1003. City property taxes		
1004. County property taxes		
1005. Annual assessments		
1006.		
1007.		
1008. Aggregate Reserves		
1009.		
1100 ESCROW AND TITLE CHARGES		
1101. Escrow Fee to The Escrow Factory, Inc.	650.00	
1102. Abstract or title search		
1103. Title examination		
1104. Title insurance binder		
1105. Document Preparation to The Escrow Factory, Inc.	100.00	
1106. Notary fees		
1107. Attorney's fees		
1108. Title Insurance to Stewart Title of California, Inc.	1,481.20	
1109. Lender's coverage \$1,481.20 with liability @ \$695,000.00		
1110. Owner's coverage \$		
1111. Wire & overnight fee to Stewart Title of California, Inc.	57.00	
1112. Hold until loan show pd off to Stewart Title of California, Inc.	1,450.00	
1113. Additl. Items See Page #3	39.00	
1200 GOVERNMENT RECORDING AND TRANSFER CHARGES		
1201. Recording fees: Deed \$20.00; Mortgage \$90.00; Releases \$ to Stewart Title of California, Inc.	110.00	
1202. City/County tax stamps		
1203. State tax/stamps		
1204.		
1205.		
1300 ADDITIONAL SETTLEMENT CHARGES		
1301. Survey		
1302. Pest inspection		
1303. Delinquent Taxes to Stewart Title of California, Inc.	1,270.14	
1304. Professional Signing Notary and Signing Fee	150.00	
1305.		
1306.		
1307.		

CORRECTED TO BE CORRECT
 COPY OF THE SIGNED ORIGINAL
 EXHIBIT B
 BY: Page 108

PAYOFF BREAKDOWN(S)

Payoff to LITTON	
TOTAL \$518,002.30	
Principal Balance	500,000.00
Interest on Principal Balance from 07/01/2005 to 07/27/2005	2,770.26
Obligation Fee	45.00
Recording Fee	21.00
Late Charges	156.04
Prepayment Penalty	14,980.00
Statement Fee	30.00

Payoff to WASHINGTON MUTUAL	
TOTAL \$97,407.40	
Principal Balance	95,377.76
Interest on Principal Balance to 07/27/2005	1,523.64
Recording Fee	6.00
Prepayment Penalty	500.00


ADDITIONAL ITEMS PAYABLE IN CONNECTION WITH LOAN

	BORROWER	SELLER
Admin Fee to MC Funding, Inc.	850.00	
Application Fee to MC Funding, Inc.	395.00	
Yield Spread Premium paid by Lender POC \$6,950.00 to MC Funding, Inc.		
Underwriting Fee to People's Choice Home Loan, Inc.	485.00	
Funding Fee to People's Choice Home Loan, Inc.	300.00	
Flood Determination Fee to People's Choice Home Loan, Inc.	13.00	
Total to line 811	2,043.00	

ADDITIONAL ESCROW AND TITLE CHARGES

	BORROWER	SELLER
Messenger Fee to ORANGE COUNTY MESSENGER SERVICE	14.00	
Special Courier to The Escrow Factory, Inc.	25.00	
Total to line 1113	39.00	

**CERTIFIED TO BE A TRUE AND CORRECT
 COPY OF THE SIGNED ORIGINAL**

BY:  EXHIBIT B
 Page 109



18008 Sky Park Circle, #200
 Irvine, CA 92614

Phone: (949) 442-0412
 Fax: (949) 442-0417

BORROWER'S FINAL SETTLEMENT STATEMENT

PROPERTY: 107 Avenida San Dimas **DATE:** July 26, 2005
 San Clemente, CA 92672
BORROWER: Leslie Bennett and Paul Daniel Bennett **CLOSING DATE:** July 25, 2005
ESCROW NO.: 50014327

	<u>DEBITS</u>	<u>CREDITS</u>
FINANCIAL CONSIDERATION		
New 1st Trust Deed		695,000.00
PAYOFF CHARGES - LITTON		
[Total Payoff \$518,002.30]		
Principal Balance	500,000.00	
Interest on Principal Balance from 07/01/2005 to 07/27/2005	2,770.26	
Obligation Fee	45.00	
Recording Fee	21.00	
Late Charges	156.04	
Prepayment Penalty	14,980.00	
Statement Fee	30.00	
PAYOFF CHARGES - WASHINGTON MUTUAL		
[Total Payoff \$97,407.40]		
Principal Balance	95,377.76	
Interest on Principal Balance to 07/27/2005	1,523.64	
Recording Fee	6.00	
Prepayment Penalty	500.00	
LOAN INFORMATION - People's Choice Home Loan, Inc.		
[Charges \$18,068.95]		
Loan Origination Fee to MC Funding, Inc.	13,900.00	
Appraisal Fee POC \$350.00 to MC Funding, Inc.		
Credit Report to MC Funding, Inc.	18.00	
Tax Service to People's Choice Home Loan, Inc.	70.00	
Appraisal Review Fee to People's Choice Home Loan, Inc.	210.00	
Processing Fee to MC Funding, Inc.	695.00	
Admin Fee to MC Funding, Inc.	850.00	
Application Fee to MC Funding, Inc.	395.00	
Yield Spread Premium paid by Lender POC \$6,950.00 to MC Funding, Inc.		
Underwriting Fee to People's Choice Home Loan, Inc.	485.00	
Funding Fee to People's Choice Home Loan, Inc.	300.00	
Flood Determination Fee to People's Choice Home Loan, Inc.	13.00	
Interest at \$161.8500/day from 07/25/2005 to 08/01/2005 to People's Choice Home Loan, Inc.	1,132.95	
OTHER DEBITS/CREDITS		
Professional Signing Notary and Signing Fee	150.00	
TITLE/TAXES/RECORDING CHARGES		
ALTA Loan Policy Fee to Stewart Title of California, Inc.	1,481.20	
Wire & overnite fee to Stewart Title of California, Inc.	57.00	
Hold until loan show pd off to Stewart Title of California, Inc.	1,450.00	
Recording Grant Deed	20.00	
Recording Trust Deed	90.00	
Delinquent Taxes	1,270.14	
ESCROW CHARGES		
Escrow Fee	650.00	
Drawing Grant Deed	100.00	
Messenger Fee to ORANGE COUNTY MESSENGER SERVICE	14.00	
Special Courier	25.00	
Refund	56,214.01	
TOTAL	\$ 695,000.00	\$ 695,000.00

CERTIFIED TO BE A TRUE AND CORRECT
 COPY OF THE SIGNED ORIGINAL

BY:  EXHIBIT B
 Page 110

Date: July 26, 2005

Page 2 of 2:

Escrow No.: 50014327

DEBITS

CREDITS

CERTIFIED TO BE A TRUE AND CORRECT
COPY OF THE SIGNED ORIGINAL

BY: _____



EXHIBIT B
Page 111



18008 Sky Park Circle, #200
Irvine, CA 92614

Phone: (949) 442-0412
Fax: (949) 442-0417

People's Choice Home Loan, Inc.
7515 Irvine Center Drive
Irvine, CA 92618

Date: July 26, 2005
Escrow No. 50014327
Borrower: Leslie Bennett and Paul Daniel Bennett

Re: Loan Number: 110-10238451
Property Address: 107 Avenida San Dimas San Clemente, CA 92672

The above referenced escrow closed on July 25, 2005 and we enclose the following for your records:

RESPA
Closing Statement(s)

We appreciate having the opportunity of working with you. If there are any items you want furnished to you, please let us know so that we may provide them. If you have any questions, please call us.

Sincerely,

Joan Nasser
Escrow Officer



18008 Sky Park Circle, #200
 Irvine, CA 92614

Phone: (949) 442-0412
 Fax: (949) 442-0417

BORROWER'S ESTIMATED CLOSING COSTS

PROPERTY: 107 Avenida San Dimas **DATE:** July 25, 2005
 San Clemente, CA 92672
BORROWER: Leslie Bennett and Paul Daniel Bennett **CLOSING DATE:** July 25, 2005
ESCROW NO.: 50014327

	<u>DEBITS</u>	<u>CREDITS</u>
FINANCIAL CONSIDERATION		
New 1st Trust Deed		695,000.00
PAYOFF CHARGES - LITTON [Total Payoff \$518,397.70]		
Principal Balance	500,000.00	
Interest on Principal Balance to 07/22/2005	2,257.28	
Interest on Principal Balance at \$102.6000/day from 07/23/2005 to 08/01/2005	923.40	
Obligation Fee	45.00	
Recording Fee	21.00	
Fax Fee(s)	15.00	
Late Charges	156.04	
Prepayment Penalty	14,960.00	
PAYOFF CHARGES - WASHINGTON MUTUAL [Total Payoff \$97,557.40]		
Principal Balance	96,377.76	
Interest on Principal Balance to 07/27/2005	1,523.64	
Recording Fee	6.00	
Prepayment Penalty	500.00	
Misc interest to 8/1 estimate	150.00	
LOAN INFORMATION - People's Choice Home Loan, Inc. [Charges \$18,068.95]		
Loan Origination Fee to MC Funding, Inc.	13,900.00	
Appraisal Fee POC \$350.00 to MC Funding, Inc.		
Credit Report to MC Funding, Inc.	18.00	
Tax Service to People's Choice Home Loan, Inc.	70.00	
Appraisal Review Fee to People's Choice Home Loan, Inc.	210.00	
Processing Fee to MC Funding, Inc.	695.00	
Admin Fee to MC Funding, Inc.	850.00	
Application Fee to MC Funding, Inc.	395.00	
Yield Spread Premium paid by Lender POC \$6,950.00 to MC Funding, Inc.		
Underwriting Fee to People's Choice Home Loan, Inc.	485.00	
Funding Fee to People's Choice Home Loan, Inc.	300.00	
Flood Determination Fee to People's Choice Home Loan, Inc.	13.00	
Interest at \$161.8500/day from 07/25/2005 to 08/01/2005 to People's Choice Home Loan, Inc.	1,132.95	
OTHER DEBITS/CREDITS		
INSURANCE PREMIUM (EST/IF REQUIRED) for Fire Insurance	600.00	
SIGNING FEE for	150.00	
TITLE/TAXES/RECORDING CHARGES		
ALTA Loan Policy Fee to Stewart Title of California, Inc.	1,481.20	
Policy Endorsements to Stewart Title of California, Inc.	150.00	
Recording Grant Deed	25.00	
Recording Trust Deed	100.00	
Delinquent Taxes	1,270.14	
ESCROW CHARGES		
Escrow Fee	650.00	
Drawing Grant Deed	100.00	
Refund	56,449.61	
TOTAL	\$ 695,000.00	\$ 695,000.00

THIS IS AN ESTIMATE ONLY AND FIGURES ARE SUBJECT TO CHANGE

JUL. 25. 2005 10:16AM

94-42-0417

No. 9398 P. 10/10

Date: July 25, 2005

Escrow No.: 50014327

Page 2 of 2:

DEBITS

CREDITS

Leslie Bennett

Paul Daniel Bennett



People's Choice
Home Loan, Inc.
The Flexible Lending Solution

7515 Irvine Center Drive
Irvine, CA 92618

CLOSING AGENT AUTHORIZATION

ATTN: STEWART TITLE OF _____ Date: 07/25/2005
 Closing Agent: SONIA GIL
 Reference No.: 92509364(SG) Loan Amt: \$695,000.00
 Borrower: BENNETT, LESLIE Hub/Loan #: 110 10238451
 Property: 107 AVENIDA SAN DIMAS Funder: Sal Duenas
SAN CLEMENTE, CA 92672

On 07/25/2005 People's Choice Home Loan, Inc. will wire funds in the amount of
 \$ 699,739.05 to the Title Company/Closing Agent/Attorney for disbursement on the above-reference loan.

Mortgage Broker Compensation: Pay the following fees upon receipt of wire, by mail only, and at this address only, to,

Broker: _____ Broker #: _____
 Address: _____

ITEM	AMOUNT	POC	PAID BY	PAID TO
Appraisal Fee	\$350.00	X	BORROWER	BROKER
Credit Report	\$18.00		BORROWER	BROKER
Administration Fee	\$850.00		BORROWER	BROKER
Broker Fee	\$13,900.00		BORROWER	BROKER
Yield Spread Premium	\$6,950.00	X	LENDER	BROKER
Application Fee	\$395.00		BORROWER	BROKER
Processing Fee	\$695.00		BORROWER	BROKER

TOTAL MORTGAGE BROKER COMPENSATION: \$22,808.00

Lender Compensation: People's Choice will retain the following amount.

Prepaid Interest: (from 07/25/2005 to 08/01/2005)
 (at 161.8500 per day X 7 days)

See Amt Below

ITEM	AMOUNT	PAID BY	PAID TO
Underwriting Fee	\$485.00	BORROWER	LENDER
Tax Service Fee	\$70.00	BORROWER	LENDER
Flood Determination Fee	\$13.00	BORROWER	LENDER
Appraisal Review Fee	\$210.00	BORROWER	LENDER
Funding Fee	\$300.00	BORROWER	LENDER
Prepaid Interest	\$1,132.95	BORROWER	LENDER

TOTAL AMOUNT RETAINED BY PCHLI	\$2,210.95		



CLOSING INSTRUCTIONS

RETURN LOAN DOCUMENTS TO:

People's Choice Home Loan, Inc.
 7515 IRVINE CENTER DR.
 IRVINE, CA 92618
 Phone: (949) 341-2000
 Fax: (949) 453-9724

TO: STEWART TITLE OF CALIFORNIA

Note Date: 07/20/2005

180 NORTH RIVERVIEW DR, SUITE 100
 ANAHEIM, CA 92808
 Phone: (714)685-2320
 ATTN: SONIA GIL

Closing Date: 07/20/2005

Disbursement: 07/25/2005

Loan No.: 110- 10238451

RE: Borrower(s): LESLIE BENNETT & PAUL DANIEL BENNETT

Order No.: 92509364(SG)

Closer Ref. No.: 92509364(SG)

Property Address: 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672

Account Manager: 110

Funder:

LOAN DOCUMENTS:

Deliver one (1) copy of all loan documents to the Borrower(s); deliver one (1) copy of the Federal Truth-In-Lending Disclosure Statement to **each** Borrower.

LOAN TERMS:

Loan Amount: \$ 695,000.00
 Sales Price: \$ 0.00
 Term (Months): 360
 Interest Rate: 8.500%
 Monthly P&I: \$ 5,343.95
 First Payment Date: 09/01/2005
 Last Payment Date: August 1, 2035

ARM Loan: Yes No
 Index: 3.870%
 Margin: 5.750%
 Periodic Rate Cap: 1.000%
 Lifetime Rate Cap: 6.000%
 Lifetime Rate Floor: 8.500%
 Interest Change Date: 08/01/2007
 Payment Change Date: 09/01/2007

PAYOFF REQUIREMENTS:

It is a condition to the funding of this loan that the following payoffs be made through this closing. Indicate payoffs on the HUD-1 Settlement Statement or provide other satisfactory evidence of payoff:

CONDITIONS TO BE SATISFIED PRIOR TO DISBURSEMENT OF LOAN PROCEEDS:

All conditions must be satisfied prior to disbursement.

Customer Identification form must be completed and a photocopy of a picture ID of the borrower included, and signed by closer

HUD-1 Must show all fees per our Closing Instructions

Any correction to Documents must be approved by lender in writing

Any added fees **MUST BE APPROVED** by LENDER prior to closing

All Documents must be signed **EXACTLY HOW NAMES APPEAR**

All Documents must be dated by borrowers and in our office 24 hours after signing

All additions and deletions must be initialed by borrowers

See list of conditions on page 3.

WE ARE TO BE AT NO EXPENSE IN THIS TRANSACTION

TITLE INSURANCE REQUIREMENTS:

You are authorized to use funds for the account of the Borrowers and to record all instruments when you comply with the following:

1. THIS LOAN MUST RECORD IN 1st LIEN POSITION ON THE ACTUAL DAY OF DISBURSEMENT. PROVIDE DUPLICATE ORIGINALS OF THE ALTA TITLE POLICY.
2. Vesting to read: LESLIE BENNETT AND PAUL DANIEL BENNETT, WIFE AND HUSBAND AS JOINT TENANTS

3. Title Policy must contain the following endorsements (or their equivalents):

8.1,100,116,111.5,103.3,103.5,100.12

4. ALTA Title Policy must be free from liens, encumbrances, easements, encroachments and other title matters except (i) the lien of our loan in the amount of our loan on the property described herein showing the Instrument or Document Number and the date of recording of the Security Instrument; (ii) general, specific, state, county, city, school or other taxes and assessments not yet due or payable; (iii) other items as permitted by us; and (iv) the following items as shown on the preliminary title report, commitment, binder or equivalent dated 07/06/2005: 1.4-8.12

SECONDARY FINANCING:

Secondary Financing in the amount of \$0.00 has been approved.

ESTIMATE FEES AND COSTS:

ITEM	AMOUNT	POC	PAID BY	PAID TO
Appraisal Fee	\$350.00	X	BORROWER	BROKER
Credit Report	\$18.00		BORROWER	BROKER
Administration Fee	\$850.00		BORROWER	BROKER
Broker Fee	\$13,900.00		BORROWER	BROKER
Yield Spread Premium	\$6,950.00	X	LENDER	BROKER
Application Fee	\$395.00		BORROWER	BROKER
Processing Fee	\$695.00		BORROWER	BROKER
Underwriting Fee	\$485.00		BORROWER	LENDER
Tax Service Fee	\$70.00		BORROWER	LENDER
Flood Determination Fee	\$13.00		BORROWER	LENDER
Appraisal Review Fee	\$210.00		BORROWER	LENDER
Funding Fee	\$300.00		BORROWER	LENDER
Prepaid Interest	\$1,132.95		BORROWER	LENDER
Settlement/Escrow/Closing Fee	\$1,100.00		BORROWER	OTHER
Title Examination	\$1,631.00		BORROWER	OTHER
Recording Fees	\$100.00		BORROWER	OTHER

MORTGAGE BROKER COMPENSATION MUST BE MADE PAYABLE TO [REDACTED]
AND SENT BY MAIL ONLY TO THE FOLLOWING ADDRESS 18006 Sky Park Cir 210, IRVINE, CA 92614

Subtotal of Broker Fees: \$23,158.00

Subtotal of Lender Compensation: \$2,210.95
 (including pre paid interest and impounds)

Subtotal of Fees Paid To Others: \$2,831.00

Subtotal of Estimate Fees and Costs: \$28,199.95
 (including pre paid interest and impounds)

PER DIEM INTEREST:

From: 07/25/2005 To 08/01/2005
 (Anticipated Closing Date)

7 days at \$ 161.8500 per day

Subtotal of Per Diem Interest: \$1,132.95

IMPOUNDS/ESCROWS:

month(s) at:	per month =
month(s) at:	per month =
month(s) at:	per month =
month(s) at:	per month =
month(s) at:	per month =
month(s) at:	per month =
month(s) at:	per month =
month(s) at:	per month =

Aggregate Escrow Adjustment: \$0.00

Impound Shortfall: \$0.00

Total Estimated Wire Amount: \$699,739.05

HUD-1 SETTLEMENT STATEMENT:

The final HUD-1 Settlement Statement must be completed at settlement and must accurately reflect all receipts and disbursements indicated in these closing instructions and any amended closing instructions subsequent hereto. If any changes to fees occur documents may need to be re-drawn and re-signed. Fax a certified copy of the final HUD-1 Settlements Statement to People's Choice Home Loan, Inc. at (949) 453-9724

Attention: Funding Department: Send the original final HUD-1 Settlement Statement to us at the following address within 24 hours of settlement: 7515 IRVINE CENTER DR.
IRVINE, CA 92618

ADDITIONAL INFORMATION:

BORROWER MUST SIGN AND DATE THESE CLOSING INSTRUCTIONS. Signed Loan Documents must be returned to Lender 24 hours after signing. If for any reason this loan does not close within 48 hours of your receipt of funds, immediately return all documents to Lender and wire all funds only to: People's Choice Home Loan, Inc.

If you have any questions regarding any of these instructions, please contact: People's Choice Home Loan, Inc. at (949) 341-2000 .

Do not close or fund this loan unless ALL conditions in these closing instructions and any supplemental closing instructions have been satisfied. The total consideration in this transaction except for our loan proceeds and approved secondary financing must pass to you in the form of cash. Do not close or fund this loan if you have knowledge of a concurrent or subsequent transaction which would transfer the subject property.

You must follow these instructions exactly. These closing instructions can only be modified with our advance written approval. You shall be deemed to have accepted and to be bound by these closing instructions if you fail to notify us in writing to the contrary within 48 hours of your receipt hereof or if you disburse any funds to or for the account of the Borrower(s).

All documents with the exception of those to be recorded (Security Instrument, Riders, Corporation Assignment(s), Grant Deed, Quit Claim, Power of Attorney, etc.) must be returned to our office within 24 hours of the signing. Please return certified copies of those documents that are to be recorded. Failure to comply with these instructions may delay funding.

EXECUTION OF DOCUMENTS:

1. Each Borrower must sign all documents exactly as his or her name appears on the blank line provided for his or her signature. All signatures must be witnessed if required or customary. All signature acknowledgements must be executed by a person authorized to take acknowledgements in the state of closing.
2. **ANY CORRECTION TO LOAN DOCUMENTS MUST BE APPROVED IN WRITING BY US IN ADVANCE. No white-out permitted.** Approved deletion should be made by marking a single line through the language being deleted. All additions and deletions must be initialed by all borrowers.
3. All Powers of Attorney must be provided to and approved by us in advance. If approved, the Power of Attorney must be recorded in the same county(ies) in which the Security Instrument is recorded, a certified copy provided to us.

RESCISSION:

1. If the transaction is subject to rescission, provide each Borrower and each person having any ownership interest in the security property with two (2) copies of the completed Notice of Right to Cancel. The Notice of Right to Cancel must be properly completed (including all dates) and each borrower and person given a Notice of Right to Cancel must execute an acknowledgement of receipt. Your failure to properly complete and provide the Notice of Right to Cancel to each person entitled to receive it will delay this closing.
2. No Borrower or other person having an ownership interest in the Security Property may modify or waive his or her right to rescind without our prior written consent.
3. If any Borrower or other person having an ownership interest in the security property indicates that he or she wishes to cancel this transaction, contact us immediately for further instructions.

SURVEYS:

1. A valid survey dated within 90 days of closing is required in areas where surveys are customary. All Title survey exceptions must be removed from Final Title Policy.
2. The survey must contain all relevant and customary information and certifications and the legal description, lot size and street must agree with the appraisal and closing documents.

HAZARD INSURANCE:

1. The Borrower(s) must provide satisfactory evidence of hazard insurance coverage and flood insurance coverage if the Property is located in a special flood hazard area.
2. Dwelling coverage must be equal to the lesser of the loan amount or the full replacement value of the property improvements, and must extend for either a term of at least one (1) year after the closing date for purchase transactions or three (3) months after the closing date for refinance transactions.
3. **LOSS PAYEE/MORTGAGEE CLAUSE TO READ:**
 PEOPLE'S CHOICE HOME LOAN, INC., ITS SUCCESSORS AND/OR ASSIGNS
 P.O.Box 50220
 IRVINE, CA 92619-0220
 Hub / Loan Number: 110 - 10238451

Conditions

-----PRIOR TO FUNDINGS-----

1. Insured closing Protection Letter, specific to closing agent, dated within 30 days of funding
2. Current demands on all subject mortgages--max 29 days @ COE
3. Original typed loan application (1003) signed and dated reflecting PCHLI loan terms--complete by borrowers & interviewer
4. Original appraisal with photos and all addendums, satisfactory to PCHLI
5. Satisfactory appraisal review by PCHLI designated review appraiser
6. Closing instructions and final hud to reflect required payoffs (please see Items To Be Paid Through Escrow page)
7. Current satisfactory evidence of self employment for 2 years--license for 2003 & 2004
8. Recent consecutive bank statements for 12 months
9. Need 12 months rating on subject mortgage--max 0x30 through COE, need pmts to 7/05
10. Complete borrower information and contact sheet
11. Points, fees and APR not to exceed any High Cost or Predatory Lending Rules--need
12. Letter stating purpose of cash out
13. AKA (names) Affidavit for borrowers
14. LOE on borrowers' alternate SSNs
15. Verification of employment
16. 2 months source and seasoning for funds required--for 60 days
17. Recent consecutive bank statements for 24 months

-----CLOSING INSTRUCTIONS-----

1. TITLE TO ATTACH LEGAL DESCRIPTION

ITEMS TO BE PAID THROUGH ESCROW

Superior Court of CA\$ 1,780.00
WASHINGTON MUTUAL BA\$ 95,377.00
LITTON LOAN SERVICE\$518,000.00

Total Payoff: \$615,157.00

BORROWER ACKNOWLEDGMENT: I/We have read and acknowledged receipt of these Closing Instructions.

Leslie Bennett 7/20/05

 LESLIE BENNETT Date

Paul Daniel Bennett 7-20-05

 PAUL DANIEL BENNETT Date

_____ Date

_____ Date

_____ Date

_____ Date

ACKNOWLEDGED AND AGREED:

Settlement Agent 7/21/05

 Settlement Agent Date

TAX INFORMATION FORM

Borrower(s) Name(s): LESLIE BENNETT
 PAUL DANIEL BENNETT

Lender: People's Choice Home Loan, Inc.

Branch:
 Address: 7515 IRVINE CENTER DR., IRVINE, CA 92618

Loan Number: 10238451
 Property Address: 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672

Legal Description:

Please Complete All Columns and Attach Current Tax Bills (See Page Two for Additional Instructions)

A Name and Address of Taxing Authority	B Collects For:	C Parcel Identification	D Timing of Payments	E Due Date Each Installment	F Delinquent Date Each Installment	G Last \$ Amount Paid	H Date Last Amt. Paid Mo/Day/Yr	I Paid Through Date	J Next Lender Payment Due Date Mo/Day/Yr
	County of: City of: School Dist: Other:								
	County of: City of: School Dist: Other:								
	County of: City of: School Dist: Other:								
	County of: City of: School Dist: Other:								

Closing Agent/Attorney Name:

Address:
 Telephone:

Initials: *ADB. UB*

Additional Instructions

Use horizontal tax bill lines on page one to display Tax Bill Information. Use one line for each tax bill.

- Column A** List taxing authority that generates the tax bill and to which taxes are paid. Do not list tax collector's name. If taxing authority generates bills at different time periods, collecting for different entities, list taxing authority appropriate number of times.
- Column B** List each governmental body for which authority in column A collects on specific bill.
- Column C** Use same permanent parcel identifier as taxing authority and as it would appear on a bill.
- Column D** Indicate how payments of this tax bill are paid (i.e. annually, semi-annually, quarterly, etc.)
- Column E** List the date the payment of the tax is due and can be paid. If the tax is paid in installments, list the due date for each installment.
- Column F** List the date the tax would be considered delinquent. If the tax is paid in installments, list the delinquent date for each installment.
- Column G** List the specific dollar amount of the tax bill that was last paid, or will be paid at time of closing. If the amount is for more than one installment, break amount down appropriately.
- Column H** Indicate the date payment in column G was made.
- Column I** Indicate what installment or full payment the amount in column G is for. Examples - first quarter '95, second half '95, or full '95.
- Column J** Indicate the next date the tax will be due. This should be the specific date that the Lender will be responsible for payment from borrower's escrowed accounts. Be sure to include month, day, and year this payment is due.

LOAN DOCUMENT SUMMARY

LOAN #: 10238451
 LOAN TYPE: Convertible ARM
 PURPOSE: Cash Out Refi

BROKER: M C FUNDING INC
 BROKER ID: [REDACTED]
 BRANCH: 110
 REPRESENTATIVE: Steven Fattorusso

DISCLOSURE DATE: 07/14/2005
 NOTE DATE: 07/20/2005
 CLOSING DATE: 07/20/2005
 DISBURSEMENT DATE: 07/25/2005
 CASE #:
 FHA SECTION NUMBERS:

PROGRAM: 2280-CONV- 2 YR FIXED/ 30 YR ARM 3/1/6 CAP

BORROWERS

CORPORATE/TRUST NAME: Title Only
BORROWER #1: LESLIE BENNETT Title Only
BORROWER #2: PAUL DANIEL BENNETT Title Only
BORROWER #3:
BORROWER #4:
BORROWER #5:
BORROWER #6:
MAILING ADDRESS: 107 AVENIDA SAN DIMAS
 CITY, STATE, ZIP: SAN CLEMENTE , CA 92672

CLOSING/TITLE/OTHER SERVICE PROVIDERS

CLOSING CO.: STEWART TITLE OF OFFICER SONIA GIL
ADDRESS: 180 NORTH RIVERVIEW DR, SUITE 100 CITY, STATE, ZIP: ANAHEIM, CA 92808
Phone #: (714)685-2320 **Fax #:**
TITLE CO.: STEWART TITLE OF CALIFORNIA OFFICER: SONIA GIL **CLOSING #:** 92509364(SG)
ORDER #: 92509364(SG)
REPORT DATE: 07/06/2005 **PARCEL #:** 060-091-26
TAX MESSAGE: ALL TAXES PAID **SPECIAL ENDORSEMENTS:** 8.1,100,116,111.5,103.3,103.5,100.12
APPROVED ITEMS: 1,4-8,12

Include Right to Cancel Dates?: NO

PROPERTY

PROPERTY ADDS: 107 AVENIDA SAN DIMAS CITY: SAN CLEMENTE STATE: CA ZIP: 92672
COUNTY: Orange PROPERTY TYPE: SFR SECOND HOME: No
OCCUPANCY: Owner Occupied CONDO/PUD NAME:
FLOOD ZONE:

TERMS

APPRAISED VALUE: \$825,000.00 **SALES PRICE:** \$0.00 **OTHER LIENS:** \$0.00 **LOAN AMOUNT:** \$695,000.00
INTEREST RATE: 8.500% **% BALLOON TERM: (#MOS.)** 360 **AMORTIZATION TERM: (#MOS.)** 360 **P&I:** \$ 5,343.95
1ST PAYMENT DATE: 09/01/05 **NO. DAYS PREPAID INTEREST:** 7 **INT. CHANGE DATE:** 08/01/2007 **PAYMENT CHANGE DATE:** 09/01/2007
CEILING RATE: 14.500% **FLOOR RATE:** 8.500% **1ST INT. CAP:** 3.00% **PERIOD INT. CAP:** 1.000%
LIFE CAP: 6.000% **MARGIN:** 5.750% **CURRENT INDEX:** 3.870% **APR:** 9.689%
PREPAYMENT TERM: 24

CHARGES/FEES

ITEM	AMOUNT	POC	PAID BY	PAID TO	PREPD FC
Appraisal Fee	\$350.00	X	BORROWER	BROKER	
Credit Report	\$18.00		BORROWER	BROKER	
Administration Fee	\$850.00		BORROWER	BROKER	X
Broker Fee	\$13900.00		BORROWER	BROKER	X
Yield Spread Premium	\$6950.00	X	LENDER	BROKER	
Application Fee	\$395.00		BORROWER	BROKER	X
Processing Fee	\$695.00		BORROWER	BROKER	X
Underwriting Fee	\$485.00		BORROWER	LENDER	X
Tax Service Fee	\$70.00		BORROWER	LENDER	X
Flood Determination Fee	\$13.00		BORROWER	LENDER	X
Appraisal Review Fee	\$210.00		BORROWER	LENDER	X
Funding Fee	\$300.00		BORROWER	LENDER	X
Prepaid Interest	\$1132.95		BORROWER	LENDER	X
Settlement/Escrow/Closing Fee	\$1100.00		BORROWER	OTHER	X
Title Examination	\$1631.00		BORROWER	OTHER	
Recording Fees	\$100.00		BORROWER	OTHER	

(Handwritten signature with a large 'X' over it)

IMPOUNDS

month(s) at: per month =
 month(s) at: per month =
 month(s) at: per month =
 month(s) at: per month =
 month(s) at: per month =
 month(s) at: per month =
 month(s) at: per month =
 month(s) at: per month =
 month(s) at: per month =

LOAN DOCUMENT SUMMARY

VESTING

LESLIE BENNETT AND PAUL DANIEL BENNETT, WIFE AND HUSBAND AS JOINT TENANTS ✓

LEGAL DESCRIPTION

SEE LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF AS EXHIBIT 'A'

BENEFICIARY/TRUSTEE

F.C.I., A California Corporation
 8101 Kaiser Blvd., Suite #360
 Anaheim Hills, CA 92808
 County of Orange

PAYMENT SCHEDULE

Number of Payments	Amount of Payments	Payments Are Due Beginning	Number of Payments	Amount of Payments	Payments Are Due Beginning
24	\$5,343.95	09/01/2005			
335	\$5,888.50	09/01/2007			
1	\$5,877.96	08/01/2035			

CLOSING INSTRUCTIONS TO ESCROW

-----PRIOR TO FUNDINGS-----

1. Insured closing Protection Letter, specific to closing agent, dated within 30 days of funding
2. Current demands on all subject mortgages--max 29 days @ COE
3. Original typed loan application (1003) signed and dated reflecting PCHLI loan terms--complete by borrowers & interviewer
4. Original appraisal with photos and all addendums, satisfactory to PCHLI
5. Satisfactory appraisal review by PCHLI designated review appraiser
6. Closing instructions and final hud to reflect required payoffs (please see Items To Be Paid Through Escrow page)
7. Current satisfactory evidence of self employment for 2 years--license for 2003 & 2004
8. Recent consecutive bank statements for 12 months
9. Need 12 months rating on subject mortgage--max 0x30 through COE, need pmts to 7/05
10. Complete borrower information and contact sheet
11. Points, fees and APR not to exceed any High Cost or Predatory Lending Rules--need
12. Letter stating purpose of cash out
13. AKA (names) Affidavit for borrowers
14. LOE on borrowers' alternate SSNs
15. Verification of employment
16. 2 months source and seasoning for funds required--for 60 days
17. Recent consecutive bank statements for 24 months

-----CLOSING INSTRUCTIONS-----

1. TITLE TO ATTACH LEGAL DESCRIPTION

-----ITEMS TO BE PAID THROUGH ESCROW-----

Superior Court of CA\$ 1,780.00
 WASHINGTON MUTUAL BA\$ 95,377.00
 LITTON LOAN SERVICE\$518,000.00

Total Payoff: \$615,157.00

High Cost Mortgage Worksheet

Hub/Loan No: 110 10238451 (CA)

Borrower: BENNETT, LESLIE

Section 1 (cont.)

4 Calculate the Total Points And Fees

	Ppd Fin. Chrg	Prepaid Int.	4(C)7 Charges	Total Points/Fees
(1)	19,150.95	- 1,132.95	+ \$368.00	= \$18,386.00
(2)	\$0.00	- \$0.00	+ \$0.00	= \$0.00
(3)	19,150.95	- 1,132.95	+ \$368.00	= \$18,386.00

5 Divide Total Points And Fees By Amount Financed And Multiply By 100

	Total Points and Fees		Amount Financed				
(1)	\$18,386.00	/	\$675,849.05	X	100	=	2.720%
(2)	\$0.00	/	\$695,000.00	X	100	=	0.000%
(3)	\$18,386.00	/	\$675,849.05	X	100	=	2.720%
		/		X	100	=	
		/		X	100	=	
		/		X	100	=	
		/		X	100	=	
		/		X	100	=	
		/		X	100	=	
		/		X	100	=	

6 Is the Percentage Above in line 5 Greater than ?

(1) 7.99%	(2) 4.99%	(3) 7.99%		
<input type="text" value="NO"/>	<input type="text" value="N/A"/>	<input type="text" value="NO"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Section 2

1 Date Loan Application Received By Lender:

2 Treasury Indices for the 15th Day of the month prior to date of application in (LINE 1):

3 Annual Percentage Rate as listed on the Federal Truth In Lending Disclosure:

4 High-Cost Trigger Rate: (Line 2)

(1) 8.00%	(2) N/A	(3) N/A		
<input type="text" value="12.490%"/>	<input type="text" value="N/A"/>	<input type="text" value="N/A"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

5 Is the A.P.R. (Line 3) Greater than the High-Cost Trigger Rate(s) from Line 4 ?

<input type="text" value="NO"/>	<input type="text" value="N/A"/>	<input type="text" value="N/A"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

High-Cost Determination:

	Yes	No
(1) High-cost according to federal Section 32 tests.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(2) High-cost according to Fannie Mae tests.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(3) High-cost according to PCHLI for fees <= 7.99% of amt financed	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>

JUL 19 2005 4:52PM

NO. 1707 - P. 2



People's Choice
Home Loan, Inc.
The Flexible Lending Solution

Document Order Form
Please Complete Entire Form

BORROWER NAME (1): LESLIE BENNETT ✓
 BORROWER NAME (2): PAUL BENNETT ✓
 NON-TITLED SPOUSE'S NAME (if Applicable) N/A.
 VESTING: Leslie Bennett and Paul Bennett husband and wife as joint tenants.
 PROPERTY ADDRESS: 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672
 OCCUPANCY: Owner PROPERTY TYPE: SFR LOAN PURPOSE: Cash Out Refi ✓
 LOAN AMOUNT: \$ 695,000.00 ✓
 LOAN TYPE (Arm/ Fixed): Convertible ARM ✓
 PROGRAM: 2280-CONV- 2 YR FIXED/ 30 YR ARM 3/1/B ✓
 1ST PAYMENT DATE: September 1, 2005 ✓
 INITIAL INTEREST RATE: 8.500% ✓
 MARGIN (if applicable): 5.750%
 PREPAYMENT PENALTY TERM: 2 years ✓

SECONDARY FINANCING DETAILS:		
SUBORDINATE LOAN AMOUNT \$	TERM	PAYMENT AMOUNT \$
0.00	<u>N/A.</u>	

AMOUNT OF SELLER PAID NON RECURRING CLOSING COSTS: \$ _____ (Limits apply)

FEE'S PAID TO PCHL

LENDER PTS <u>0.00</u> %	\$0.00
UNDERWRITING FEE	\$485.00
APPRAISAL REVIEW FEE	\$210.00
FUNDING FEE	\$300.00
FLOOD DETERMINATION FEE	\$13.00
TAX SERVICE FEE	\$70.00
COURIER FEE	\$0.00

FEE'S TO BROKER

BROKER FEE <u>2%</u>	<u>13,900</u>
YIELD PREMIUM <u>1%</u>	<u>6,950</u>
PROCESSING FEE	<u>695</u>
* APPRAISAL FEE	<u>350 DOC.</u>
** CREDIT REPORT FEE	<u>18</u>
APPLICATION FEE	<u>395</u>
ADMINISTRATION FEE	<u>850</u>

TOTAL \$1,078.00

TOTAL 23,158

* must include an invoice
** \$ amt. must show on credit report

Closing / Document Date: 7-20-05 Time of Closing: 7-20-05 AM/PM PM

DOCUMENTS TO BE SENT TO:

COMPANY NAME: Mc Funding Inc.
 ADDRESS (NO P.O. BOX): 20 Corporate Park St 175
 CITY: Irvine STATE: CA ZIP: 92606
 ATTENTION: Michael Chung PHONE #: [REDACTED] FAX #: [REDACTED]
 METHOD OF DELIVERY: FED EX PICK UP E-MAIL
 E-MAIL: mchung@mc-funding.com
 ACCOUNT MANAGER (Signature): _____ DATE _____
 AGREED BY BROKER (Signature): [Signature] DATE 7-20-05

* Please include updated, typed 1003 signed by Interviewer with this completed form.
ANY QUESTIONS, PLEASE CONTACT YOUR ACCOUNT MANAGER: Tony Tamaddoni

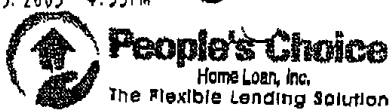
Phone: (949) 265-7178
Fax: (949) 341-8763

doccarder

05/02/05

07/20/2005 12:02 949508
JUL 19 2005 4:53PM

NO. 1707 P. 4



CLOSING INFORMATION SHEET

Title/Closing Agent: Escrow Factory First Paymt. Date: September 1, 2005
Attention: Joan Nasser Loan Amount: 895,000.00
Borrower: LESLIE BENNETT Closing Date: 7-20-05

Please fax Closing Protection Letter and Wiring Instructions with this form

CLOSING FEES INCLUDED IN APR
MUST BE EXACT

Settlement / Closing Fee	
Attorney Fee	
Escrow Fee	650
Sub-escrow Fee	
Notary Fee	150
Document Prep.	
Closing Courier Fee	
Title Courier Fee	
Copy Fee	
Warehouse Fee	
Signing Fee	
Wire Transfer Fee	
Other:	
Total	800

CLOSING FEES NOT INCLUDED IN APR
OK TO ESTIMATE

Title Insurance Fee	1481
Title Abstract Fee	
Title Search Fee	
Title Exam Fee	
Endorsements	150
Affidavit Fee	
Filing Fees	
Recording Fees	100
Reconveyance Fee	
Document Stamps	
Intangible Tax	
Other:	
Other:	
Total	1,731

Property Address: 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672

Titled Borrower Name: Leslie Bennett

Titled Borrower Name: Paul Bennett

Non Titled Spouse's Name if applicable: NA

Vesting: Leslie Bennett and Paul Bennett - husband and wife
as joint tenants.

Impounds: Yes No

Send Documents Via: Overnight Courier E-Mail

Send Documents To: Company: Mc Funding Inc.
Address: 20 Corporate Park Ste 175
Irvine CA 92614
Attention: Michael Chung
Phone: [REDACTED] Fax: [REDACTED]
E-Mail: mchung@mfundinginc.com

Notes: We need Doc's BY 2:00 pm
TUESDAY
7-20/05

Account Manager: Tony Tamaddon [REDACTED] [REDACTED]

DISSCOSM CONFIRMATION PAGE

(ver 9:1)

[EDIT THIS LOAN](#) | [TRANSFER DATA TO FRADAR](#)



LESLIE BENNETT

107 AVENIDA SAN DIMAS, SAN CLEMENTE, CA 92672

Loan Number: 10238451 Batch ID: PCHLI01920050715636164290944

Score Summary	Original Score	Adjusted Score	Last Adjusted
DISSCO	INVESTIGATE (364)	-	-
VALVERIFY	INVESTIGATE (0)	-	-
PATRIOT / OFAC	No Match	-	-

[ADD LOAN COMMENT](#) [ADJUSTED SCORING REPORT](#) [SCORE COUNT: 1 \(LAST SCORED:7/15/2005\)](#)

Variance(s)	
HIGH IMPACT VARIANCE(S)	
	ADJUST/COMMENT VARIANCE
⊙	<p>D011A - POTENTIAL SELF EMPLOYMENT ISSUE - Borrower(s) address matches employer address AND self employment was not indicated.</p> <ul style="list-style-type: none"> • Participant(s) Identified: Employer 1 for Borrower 1; • Verify input accuracy of: Current Residence, Self-Employment Check Box • Verify borrower's self employment status according to your INTERNAL POLICY. • Order a 4506 tax return verification and check for self employment income evidence such as Schedule C, Schedule E, or 1099 form. Available on the 4506 tab.
	ADJUST/COMMENT VARIANCE
⊙	<p>D403 - Employer Phone exists but cannot receive inbound calls.</p> <ul style="list-style-type: none"> • Participant(s) Identified: Employer 1 for Borrower 1; • Check input phone number
	ADJUST/COMMENT VARIANCE
⊙	<p>D005A - PARTICIPANT HISTORY ALERT - The ratio of loans with low scores that include this LOAN OFFICER exceed the DISSCO benchmark. This may be a high risk transaction.</p> <ul style="list-style-type: none"> • Verify input accuracy of: Loan Officer Name(s) • Select the LOAN OFFICER'S name on the PARTICIPANT LIST tab to view other loans that include this loan officer. Analyze the details of the other loans to determine if there is additional risk for this loan. • Review entire loan file; validate all documents.
	ADJUST/COMMENT VARIANCE
⊙	<p>D074 - SELF EMPLOYMENT ALERT - Borrower is self-employed. Trends show that self employed individuals present a higher risk.</p> <ul style="list-style-type: none"> • Participant(s) Identified: Borrower 1; Borrower 2; • Verify input accuracy of: Self Employed check box • View the BUSINESS INFORMATION on the EMPLOYER INFO tab. If available, analyze the total company sales (Sales Volume High), number of employees and position in comparison to the borrower's reported income. • Order a 4506 tax return verification and check for self employment income evidence such as Schedule C, Schedule E, or 1099 form. Available on the 4506 tab. <p style="text-align: right;"><i>Need proof. SK</i></p>
	ADJUST/COMMENT VARIANCE
LOW IMPACT VARIANCE(S)	
	ADJUST/COMMENT VARIANCE
⊙	<p>D055 - POTENTIAL EMPLOYMENT ISSUE - Stated employer company name is not consistent with company name returned by reverse phone search.</p> <ul style="list-style-type: none"> • Participant(s) Identified: Employer 1 for Borrower 2; • Verify input accuracy of: Employer Name, Employer Phone Number • Review the REVERSE PHONE SEARCH data on the EMPLOYER INFO tab to determine if the stated company names are variations or subsidiaries. <p style="text-align: right;"><i>Same as home # 21 cell number.</i></p>

	<ul style="list-style-type: none"> Order a 4506 tax return verification to validate income. Available on the 4506 tab. 	
		<u>ADJUST/COMMENT VARIANCE</u>
⊖	<p>D065 - POTENTIAL CURRENT RESIDENCE ISSUE - Borrower name is not consistent with name returned by reverse phone search.</p> <ul style="list-style-type: none"> Participant(s) Identified: Borrower 2; Verify input accuracy of: Borrower Name, Phone Number <i>cell#.</i> Review the REVERSE PHONE SEARCH data on the BORROWER INFO tab to determine if name registered to this phone number is a variation of the borrower's name or is another occupant of the borrower's current residence. Review the details of the loan to determine if there is additional risk for this loan. 	
		<u>ADJUST/COMMENT VARIANCE</u>
⊖	<p>D148 - POTENTIAL IDENTITY ISSUE - Social security number(s) was issued AT LEAST 18 YEARS AFTER THE DATE OF BIRTH. Social security numbers are typically issued before this time.</p> <ul style="list-style-type: none"> Participant(s) Identified: Borrower 1; Verify input accuracy of: Social Security Number, Age, Date of Birth If the borrower is a naturalized citizen or a resident, compare date of entry to the United States to the issue date of the social security number shown on the BORROWER'S INFO tab. Order social security number verification. Available on the 4506 tab. 	
		<u>ADJUST/COMMENT VARIANCE</u>
⊖	<p>D048C - POTENTIAL IDENTITY ISSUE - Names OTHER than borrower(s) show on social security trace.</p> <ul style="list-style-type: none"> Participant(s) Identified: Borrower 1; Verify input accuracy of: Social Security Number(s), Borrower(s) Name(s) <i>confirmation letter</i> View trace data on the BORROWER'S INFO tab to identify mismatched names and if the variances can be justified. Determine if the mismatched names are disclosed on the name affidavit. Verify that the social security number belongs to the borrower(s) through a Social Security Administration Validation report or 4506 tax return verification. 	
		<u>ADJUST/COMMENT VARIANCE</u>
⊖	<p>D210 - ONLINE DATA ALERT - Unable to obtain employer data through online sources.</p> <ul style="list-style-type: none"> Verify input accuracy of: Employer Name, Employer Address, Employer Phone Number Determine if the employer name provided by the borrower(s) is a name variation or subsidiary of another company that can be verified. Rescore loan with new name. Obtain a verification of employment or request W2s for the borrower(s) through a 4506 tax return verification. Available on the 4506 tab. 	
		<u>ADJUST/COMMENT VARIANCE</u>
⊖	<p>D776 - PHONE NUMBER ALERT -Borrower(s) phone number is a WIRELESS PHONE. Trends indicate this may present a higher risk.</p> <ul style="list-style-type: none"> Participant(s) Identified: Borrower 1; Verify input accuracy of: Borrower(s) Phone Number Obtain and verify alternative contact information for borrower. Check with directory assistance to validate data provided. Verify borrower(s) current residence by requesting current property tax receipt or utility documentation. 	

LOAN DETAILS (USER INPUT)

DESCRIPTION			
LOAN NUMBER:	10238451	ESTIMATED/APPRaised VALUE:	\$865,000.00
LOAN AMOUNT:	\$690,000.00	SUBORDINATE FINANCING:	\$0.00
PURCHASE PRICE:	\$0.00	PROPERTY TYPE:	Other
PURPOSE:	DEBT CONSOLIDATION	OCCUPANCY:	OWNER OCCUPIED
SOURCE OF FUNDS:	Other	CLOSE DATE:	
APPLICATION DATE:	7/14/2005	UNPAID PRINCIPLE BALANCE:	\$0.00
LIEN POSITION:		SUB TOTAL LIQUID ASSETS:	\$0.00
LTV:	79.76%	CLTV:	0.00%
LTV BASED ON CONVENTIONAL LTV PARAMETERS.			

SUBJECT			
PROPERTY ADDRESS			
107 AVENIDA SAN DIMAS SAN CLEMENTE, CA 92672			
BORROWER 1	BORROWER 2	BORROWER 3	BORROWER 4
CURRENT ADDRESS			
107 AVENIDA SAN DIMAS SAN CLEMENTE, CA 92672	107 AVENIDA SAN DIMAS SAN CLEMENTE, CA 92672		

	Borrower 1	Borrower 2	Borrower 3	Borrower 4
GENERAL INFORMATION				
NAME	LESLIE BENNETT	PAUL BENNETT		
SSN	[REDACTED]	[REDACTED]		
PHONE NUMBER	[REDACTED]	[REDACTED]		
AGE				
DATE OF BIRTH	[REDACTED]	[REDACTED]		
U.S. CITIZEN	NO	NO		
MONTHLY BASE	[REDACTED]	[REDACTED]		
MONTHLY TOTAL INCOME	[REDACTED]	[REDACTED]		
CURRENT EMPLOYER INFORMATION				
EMPLOYER NAME	ENTERPRISES INC	ENTERPRISES		
SELF EMPLOYED	NO	YES		
PREVIOUS/ADDITIONAL EMPLOYER INFORMATION				
NO INFORMATION PROVIDED.				

TPO INFORMATION (Original)	
BATCH ID:	[REDACTED] LOAN OFFICER: [REDACTED]
TPO NAME:	PEOPLES CHOICE HOME LOAN, INC. TPO PHONE:
TPO ADDRESS	
7515 IRVINE CENTER DR IRVINE, CA 92618	

TPO APPLICATION (Final)	
Same As Original Application NO	LOAN OFFICER:
TPO NAME:	TPO PHONE:
INTERVIEW TYPE:	
ADDRESS	

LENDER INFORMATION	
LENDER:	INVESTOR:

The information, scores, conditions, and actions to resolve, returned to AppIntelligence's clients by its Data Integrity Search and Score system (DISSCO(SM)) is the product of loan data provided by the client, trusted external data retrieved by DISSCO(SM), internal data provided by DISSCO(SM), and human decision making logic combined to detect the potential for misrepresentation in the mortgage loan making process. DISSCO(SM) has been designed to supplement the underwriting and quality control processes and should not be used in lieu of these processes. The numeric and categorical scores returned by DISSCO(SM) are intended to raise the awareness of the user and provide a confidence level and should not be used as the sole mechanism to determine the acceptance or the declination of a loan. This data may not be re-sold. Copyright ? 1999-2005 AppIntelligence. All rights reserved.

Borrower Information

BATCH ID: PCHLI019200507156361642
LOAN NUMBER: 10238451

Print

Social Security Trace Report

Social Security Number: [REDACTED] has the following possible state(s) and year(s) of issue:

State[s]: California

Year[s]: 1970, 1971

BENNETT, LESLIE [REDACTED]

Address(es) Reported:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

Address(es) Reported:

- [REDACTED]
- [REDACTED]
- [REDACTED]

[Redacted]

[Redacted]

[Redacted]

REVERSE PHONE SEARCH LISTINGS

Borrower 1: LESLIE BENNETT

	User Input	Agreed	
1 Phone Number	[Redacted]	<input checked="" type="checkbox"/>	[Redacted] -- Wireless --
Name	[Redacted]	<input type="checkbox"/>	Records Not Available Online
Address	[Redacted]	<input type="checkbox"/>	Records Not Available Online

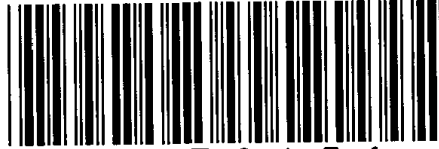
Employer 1: COSTA VERDE ENTERPRISES INC

	User Input	Agreed	Reverse Phone Listings
1 Phone Number	[Redacted]	<input checked="" type="checkbox"/>	[Redacted]
Name	[Redacted]	<input type="checkbox"/>	Records Not Available Online
Address	[Redacted]	<input type="checkbox"/>	Records Not Available Online

Copyright © 1999-2005 AppIntelligence, Inc.
All time stamps are Central Standard Time (CST)



Scanning Cover Page



* 1 0 2 3 8 4 5 1 *

Loan: *10238451*

Borrower: LESLIE BENNETT

RECORDING REQUESTED BY
STEWART TITLE

This Document was electronically recorded by
Stewart Major

Recording Requested By:
PEOPLE'S CHOICE HOME LOAN,
INC.

Recorded in Official Records, Orange County
Tom Daly, Clerk-Recorder

Return To:
People's Choice Home Loan,
Inc.
7515 IRVINE CENTER DR.,
IRVINE, CA 92618



2005000575540 11:25am 07/26/05

119 13 D11 19
0.00 0.00 0.00 0.00 54.00 0.00 0.00 0.00

10238451
Bennett

Prepared By:
People's Choice Home Loan,
Inc. 7515 Irvine Center
Drive, Irvine, CA 92618

92509364

[Space Above This Line For Recording Data]

DEED OF TRUST

MIN 100273900102384517

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 3, 11, 13, 18, 20 and 21. Certain rules regarding the usage of words used in this document are also provided in Section 16.

- (A) "Security Instrument" means this document, which is dated July 20, 2005, together with all Riders to this document.
- (B) "Borrower" is LESLIE BENNETT AND PAUL DANIEL BENNETT, WIFE AND HUSBAND AS JOINT TENANTS

Borrower's address is 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CA 92672. Borrower is the trustor under this Security Instrument.

(C) "Lender" is PEOPLE'S CHOICE HOME LOAN, INC., a WYOMING CORPORATION

Lender is a CORPORATION organized and existing under the laws of WYOMING

10238451

CALIFORNIA-Single Family-Fannie Mae/Freddie Mac UNIFORM INSTRUMENT WITH MERS Form 3005 1/01



LD PDB

Lender's address is 7515 IRVINE CENTER DR., IRVINE, CA 92618

(D) "Trustee" is F.C.I., A California Corporation, 8101 Kaiser Blvd., Suite #360 Anaheim Hills, CA 92808

(E) "MERS" is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. **MERS is the beneficiary under this Security Instrument.** MERS is organized and existing under the laws of Delaware, and has an address and telephone number of P.O. Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS.

(F) "Note" means the promissory note signed by Borrower and dated July 20, 2005
The Note states that Borrower owes Lender SIX HUNDRED NINETY-FIVE THOUSAND AND 00/100 Dollars

(U.S. \$695,000.00 /) plus interest. Borrower has promised to pay this debt in regular Periodic Payments and to pay the debt in full not later than August 1, 2035

(G) "Property" means the property that is described below under the heading "Transfer of Rights in the Property."

(H) "Loan" means the debt evidenced by the Note, plus interest, any prepayment charges and late charges due under the Note, and all sums due under this Security Instrument, plus interest.

(I) "Riders" means all Riders to this Security Instrument that are executed by Borrower. The following Riders are to be executed by Borrower [check box as applicable]:

- | | | |
|---|---|---|
| <input checked="" type="checkbox"/> Adjustable Rate Rider | <input type="checkbox"/> Condominium Rider | <input type="checkbox"/> Second Home Rider |
| <input type="checkbox"/> Balloon Rider | <input type="checkbox"/> Planned Unit Development Rider | <input type="checkbox"/> 1-4 Family Rider |
| <input type="checkbox"/> VA Rider | <input type="checkbox"/> Biweekly Payment Rider | <input type="checkbox"/> Other(s) [specify] |

(J) "Applicable Law" means all controlling applicable federal, state and local statutes, regulations, ordinances and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable judicial opinions.

(K) "Community Association Dues, Fees, and Assessments" means all dues, fees, assessments and other charges that are imposed on Borrower or the Property by a condominium association, homeowners association or similar organization.

(L) "Electronic Funds Transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. Such term includes, but is not limited to, point-of-sale transfers, automated teller machine transactions, transfers initiated by telephone, wire transfers, and automated clearinghouse transfers.

(M) "Escrow Items" means those items that are described in Section 3.

(N) "Miscellaneous Proceeds" means any compensation, settlement, award of damages, or proceeds paid by any third party (other than insurance proceeds paid under the coverages described in Section 5) for: (i) damage to, or destruction of, the Property; (ii) condemnation or other taking of all or any part of the Property; (iii) conveyance in lieu of condemnation; or (iv) misrepresentations of, or omissions as to, the value and/or condition of the Property.

(O) "Mortgage Insurance" means insurance protecting Lender against the nonpayment of, or default on, the Loan.

(P) "Periodic Payment" means the regularly scheduled amount due for (i) principal and interest under the Note, plus (ii) any amounts under Section 3 of this Security Instrument.

10238451

 -6A(CA) (0207)

Initials:  
Form 3005 1/01

(Q) "RESPA" means the Real Estate Settlement Procedures Act (12 U.S.C. Section 2601 et seq.) and its implementing regulation, Regulation X (24 C.F.R. Part 3500), as they might be amended from time to time, or any additional or successor legislation or regulation that governs the same subject matter. As used in this Security Instrument, "RESPA" refers to all requirements and restrictions that are imposed in regard to a "federally related mortgage loan" even if the Loan does not qualify as a "federally related mortgage loan" under RESPA.

(R) "Successor in Interest of Borrower" means any party that has taken title to the Property, whether or not that party has assumed Borrower's obligations under the Note and/or this Security Instrument.

TRANSFER OF RIGHTS IN THE PROPERTY

The beneficiary of this Security Instrument is MERS (solely as nominee for Lender and Lender's successors and assigns) and the successors and assigns of MERS. This Security Instrument secures to Lender: (i) the repayment of the Loan, and all renewals, extensions and modifications of the Note; and (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the

COUNTY of Orange :

[Type of Recording Jurisdiction]

[Name of Recording Jurisdiction]

SEE LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF AS EXHIBIT

'A'

(A.P.N. #: 060-091-26)

Parcel ID Number: 060-091-26
107 AVENIDA SAN DIMAS
SAN CLEMENTE
("Property Address"):

which currently has the address of
[Street]
[City], California 92672 [Zip Code]

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property." Borrower understands and agrees that MERS holds only legal title to the interests granted by Borrower in this Security Instrument, but, if necessary to comply with law or custom, MERS (as nominee for Lender and Lender's successors and assigns) has the right: to exercise any or all of those interests, including, but not limited to, the right to foreclose and sell the Property; and to take any action required of Lender including, but not limited to, releasing and canceling this Security Instrument.

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances 10238451

12/12/13 -6A(CA) (0207)

Initials: LPO ADB
Form 3005 1/01

of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal, Interest, Escrow Items, Prepayment Charges, and Late Charges. Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note and any prepayment charges and late charges due under the Note. Borrower shall also pay funds for Escrow Items pursuant to Section 3. Payments due under the Note and this Security Instrument shall be made in U.S. currency. However, if any check or other instrument received by Lender as payment under the Note or this Security Instrument is returned to Lender unpaid, Lender may require that any or all subsequent payments due under the Note and this Security Instrument be made in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality, or entity; or (d) Electronic Funds Transfer.

Payments are deemed received by Lender when received at the location designated in the Note or at such other location as may be designated by Lender in accordance with the notice provisions in Section 15. Lender may return any payment or partial payment if the payment or partial payments are insufficient to bring the Loan current. Lender may accept any payment or partial payment insufficient to bring the Loan current, without waiver of any rights hereunder or prejudice to its rights to refuse such payment or partial payments in the future, but Lender is not obligated to apply such payments at the time such payments are accepted. If each Periodic Payment is applied as of its scheduled due date, then Lender need not pay interest on unapplied funds. Lender may hold such unapplied funds until Borrower makes payment to bring the Loan current. If Borrower does not do so within a reasonable period of time, Lender shall either apply such funds or return them to Borrower. If not applied earlier, such funds will be applied to the outstanding principal balance under the Note immediately prior to foreclosure. No offset or claim which Borrower might have now or in the future against Lender shall relieve Borrower from making payments due under the Note and this Security Instrument or performing the covenants and agreements secured by this Security Instrument.


2. Application of Payments or Proceeds. Except as otherwise described in this Section 2, all payments accepted and applied by Lender shall be applied in the following order of priority: (a) interest due under the Note; (b) principal due under the Note; (c) amounts due under Section 3. Such payments shall be applied to each Periodic Payment in the order in which it became due. Any remaining amounts shall be applied first to late charges, second to any other amounts due under this Security Instrument, and then to reduce the principal balance of the Note.

If Lender receives a payment from Borrower for a delinquent Periodic Payment which includes a sufficient amount to pay any late charge due, the payment may be applied to the delinquent payment and the late charge. If more than one Periodic Payment is outstanding, Lender may apply any payment received from Borrower to the repayment of the Periodic Payments if, and to the extent that, each payment can be paid in full. To the extent that any excess exists after the payment is applied to the full payment of one or more Periodic Payments, such excess may be applied to any late charges due. Voluntary prepayments shall be applied first to any prepayment charges and then as described in the Note.

Any application of payments, insurance proceeds, or Miscellaneous Proceeds to principal due under the Note shall not extend or postpone the due date, or change the amount, of the Periodic Payments.

3. Funds for Escrow Items. Borrower shall pay to Lender on the day Periodic Payments are due under the Note, until the Note is paid in full, a sum (the "Funds") to provide for payment of amounts due for: (a) taxes and assessments and other items which can attain priority over this Security Instrument as a lien or encumbrance on the Property; (b) leasehold payments or ground rents on the Property, if any; (c) premiums for any and all insurance required by Lender under Section 5; and (d) Mortgage Insurance premiums, if any, or any sums payable by Borrower to Lender in lieu of the payment of Mortgage Insurance premiums in accordance with the provisions of Section 10. These items are called "Escrow Items." At origination or at any time during the term of the Loan, Lender may require that Community Association Dues, Fees, and Assessments, if any, be escrowed by Borrower, and such dues, fees and assessments shall be an Escrow Item. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Section. Borrower shall pay Lender the Funds for Escrow Items unless Lender waives Borrower's obligation to pay the Funds for any or all Escrow Items. Lender may waive Borrower's obligation to pay to Lender Funds for any or all Escrow Items at any time. Any such waiver may only be

10238451

 -6A(CA) (0207)

Page 4 of 15

Initials:



Form 3005 1/01

in writing. In the event of such waiver, Borrower shall pay directly, when and where payable, the amounts due for any Escrow Items for which payment of Funds has been waived by Lender and, if Lender requires, shall furnish to Lender receipts evidencing such payment within such time period as Lender may require. Borrower's obligation to make such payments and to provide receipts shall for all purposes be deemed to be a covenant and agreement contained in this Security Instrument, as the phrase "covenant and agreement" is used in Section 9. If Borrower is obligated to pay Escrow Items directly, pursuant to a waiver, and Borrower fails to pay the amount due for an Escrow Item, Lender may exercise its rights under Section 9 and pay such amount and Borrower shall then be obligated under Section 9 to repay to Lender any such amount. Lender may revoke the waiver as to any or all Escrow Items at any time by a notice given in accordance with Section 15 and, upon such revocation, Borrower shall pay to Lender all Funds, and in such amounts, that are then required under this Section 3.

Lender may, at any time, collect and hold Funds in an amount (a) sufficient to permit Lender to apply the Funds at the time specified under RESPA, and (b) not to exceed the maximum amount a lender can require under RESPA. Lender shall estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with Applicable Law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is an institution whose deposits are so insured) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items no later than the time specified under RESPA. Lender shall not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and Applicable Law permits Lender to make such a charge. Unless an agreement is made in writing or Applicable Law requires interest to be paid on the Funds, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender can agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds as required by RESPA.


If there is a surplus of Funds held in escrow, as defined under RESPA, Lender shall account to Borrower for the excess funds in accordance with RESPA. If there is a shortage of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the shortage in accordance with RESPA, but in no more than 12 monthly payments. If there is a deficiency of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the deficiency in accordance with RESPA, but in no more than 12 monthly payments.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property which can attain priority over this Security Instrument, leasehold payments or ground rents on the Property, if any, and Community Association Dues, Fees, and Assessments, if any. To the extent that these items are Escrow Items, Borrower shall pay them in the manner provided in Section 3.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender, but only so long as Borrower is performing such agreement; (b) contests the lien in good faith by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of the lien while those proceedings are pending, but only until such proceedings are concluded; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which can attain priority over this Security Instrument, Lender may give Borrower a notice identifying the

10238451

 -6A(CA) (0207)

Page 5 of 15

Initials:



Form 3005 1/01

lien. Within 10 days of the date on which that notice is given, Borrower shall satisfy the lien or take one or more of the actions set forth above in this Section 4.

Lender may require Borrower to pay a one-time charge for a real estate tax verification and/or reporting service used by Lender in connection with this Loan.


5. Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and any other hazards including, but not limited to, earthquakes and floods, for which Lender requires insurance. This insurance shall be maintained in the amounts (including deductible levels) and for the periods that Lender requires. What Lender requires pursuant to the preceding sentences can change during the term of the Loan. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's right to disapprove Borrower's choice, which right shall not be exercised unreasonably. Lender may require Borrower to pay, in connection with this Loan, either: (a) a one-time charge for flood zone determination, certification and tracking services; or (b) a one-time charge for flood zone determination and certification services and subsequent charges each time remappings or similar changes occur which reasonably might affect such determination or certification. Borrower shall also be responsible for the payment of any fees imposed by the Federal Emergency Management Agency in connection with the review of any flood zone determination resulting from an objection by Borrower.

If Borrower fails to maintain any of the coverages described above, Lender may obtain insurance coverage, at Lender's option and Borrower's expense. Lender is under no obligation to purchase any particular type or amount of coverage. Therefore, such coverage shall cover Lender, but might or might not protect Borrower, Borrower's equity in the Property, or the contents of the Property, against any risk, hazard or liability and might provide greater or lesser coverage than was previously in effect. Borrower acknowledges that the cost of the insurance coverage so obtained might significantly exceed the cost of insurance that Borrower could have obtained. Any amounts disbursed by Lender under this Section 5 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

All insurance policies required by Lender and renewals of such policies shall be subject to Lender's right to disapprove such policies, shall include a standard mortgage clause, and shall name Lender as mortgagee and/or as an additional loss payee and Borrower further agrees to generally assign rights to insurance proceeds to the holder of the Note up to the amount of the outstanding loan balance. Lender shall have the right to hold the policies and renewal certificates. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. If Borrower obtains any form of insurance coverage, not otherwise required by Lender, for damage to, or destruction of, the Property, such policy shall include a standard mortgage clause and shall name Lender as mortgagee and/or as an additional loss payee and Borrower further agrees to generally assign rights to insurance proceeds to the holder of the Note up to the amount of the outstanding loan balance.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower. Unless Lender and Borrower otherwise agree in writing, any insurance proceeds, whether or not the underlying insurance was required by Lender, shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such insurance proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such insurance proceeds, Lender shall not be required to pay Borrower any interest or earnings on such proceeds. Fees for public adjusters, or other third parties, retained by Borrower shall not be paid out of the insurance proceeds and shall be the sole obligation of Borrower. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with

10238451

 -6 A(CA) (0207)

Page 6 of 15

Initials: 

Form 3005 1/01

the excess, if any, paid to Borrower. Such insurance proceeds shall be applied in the order provided for in Section 2.

If Borrower abandons the Property, Lender may file, negotiate and settle any available insurance claim and related matters. If Borrower does not respond within 30 days to a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may negotiate and settle the claim. The 30-day period will begin when the notice is given. In either event, or if Lender acquires the Property under Section 22 or otherwise, Borrower hereby assigns to Lender (a) Borrower's rights to any insurance proceeds in an amount not to exceed the amounts unpaid under the Note or this Security Instrument, and (b) any other of Borrower's rights (other than the right to any refund of unearned premiums paid by Borrower) under all insurance policies covering the Property, insofar as such rights are applicable to the coverage of the Property. Lender may use the insurance proceeds either to repair or restore the Property or to pay amounts unpaid under the Note or this Security Instrument, whether or not then due.

6. Occupancy. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within 60 days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control.


7. Preservation, Maintenance and Protection of the Property; Inspections. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate or commit waste on the Property. Whether or not Borrower is residing in the Property, Borrower shall maintain the Property in order to prevent the Property from deteriorating or decreasing in value due to its condition. Unless it is determined pursuant to Section 5 that repair or restoration is not economically feasible, Borrower shall promptly repair the Property if damaged to avoid further deterioration or damage. If insurance or condemnation proceeds are paid in connection with damage to, or the taking of, the Property, Borrower shall be responsible for repairing or restoring the Property only if Lender has released proceeds for such purposes. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. If the insurance or condemnation proceeds are not sufficient to repair or restore the Property, Borrower is not relieved of Borrower's obligation for the completion of such repair or restoration.

Lender or its agent may make reasonable entries upon and inspections of the Property. If it has reasonable cause, Lender may inspect the interior of the improvements on the Property. Lender shall give Borrower notice at the time of or prior to such an interior inspection specifying such reasonable cause.

8. Borrower's Loan Application. Borrower shall be in default if, during the Loan application process, Borrower or any persons or entities acting at the direction of Borrower or with Borrower's knowledge or consent gave materially false, misleading, or inaccurate information or statements to Lender (or failed to provide Lender with material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning Borrower's occupancy of the Property as Borrower's principal residence.

9. Protection of Lender's Interest in the Property and Rights Under this Security Instrument. If (a) Borrower fails to perform the covenants and agreements contained in this Security Instrument, (b) there is a legal proceeding that might significantly affect Lender's interest in the Property and/or rights under this Security Instrument (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, for enforcement of a lien which may attain priority over this Security Instrument or to enforce laws or regulations), or (c) Borrower has abandoned the Property, then Lender may do and pay for whatever is reasonable or appropriate to protect Lender's interest in the Property and rights under this Security Instrument, including protecting and/or assessing the value of the Property, and securing and/or repairing the Property. Lender's actions can include, but are not limited to: (a) paying any sums secured by a lien which has priority over this Security Instrument; (b) appearing in court; and (c) paying reasonable

10238451

 -6A(CA) (0207)

Page 7 of 15

Initials:  

Form 3005 1/01

attorneys' fees to protect its interest in the Property and/or rights under this Security Instrument, including its secured position in a bankruptcy proceeding. Securing the Property includes, but is not limited to, entering the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, and have utilities turned on or off. Although Lender may take action under this Section 9, Lender does not have to do so and is not under any duty or obligation to do so. It is agreed that Lender incurs no liability for not taking any or all actions authorized under this Section 9.

Any amounts disbursed by Lender under this Section 9 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

10. Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan, Borrower shall pay the premiums required to maintain the Mortgage Insurance in effect. If, for any reason, the Mortgage Insurance coverage required by Lender ceases to be available from the mortgage insurer that previously provided such insurance and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the Mortgage Insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the Mortgage Insurance previously in effect, from an alternate mortgage insurer selected by Lender. If substantially equivalent Mortgage Insurance coverage is not available, Borrower shall continue to pay to Lender the amount of the separately designated payments that were due when the insurance coverage ceased to be in effect. Lender will accept, use and retain these payments as a non-refundable loss reserve in lieu of Mortgage Insurance. Such loss reserve shall be non-refundable, notwithstanding the fact that the Loan is ultimately paid in full, and Lender shall not be required to pay Borrower any interest or earnings on such loss reserve. Lender can no longer require loss reserve payments if Mortgage Insurance coverage (in the amount and for the period that Lender requires) provided by an insurer selected by Lender again becomes available, is obtained, and Lender requires separately designated payments toward the premiums for Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to maintain Mortgage Insurance in effect, or to provide a non-refundable loss reserve, until Lender's requirement for Mortgage Insurance ends in accordance with any written agreement between Borrower and Lender providing for such termination or until termination is required by Applicable Law. Nothing in this Section 10 affects Borrower's obligation to pay interest at the rate provided in the Note.


Mortgage Insurance reimburses Lender (or any entity that purchases the Note) for certain losses it may incur if Borrower does not repay the Loan as agreed. Borrower is not a party to the Mortgage Insurance.

Mortgage insurers evaluate their total risk on all such insurance in force from time to time, and may enter into agreements with other parties that share or modify their risk, or reduce losses. These agreements are on terms and conditions that are satisfactory to the mortgage insurer and the other party (or parties) to these agreements. These agreements may require the mortgage insurer to make payments using any source of funds that the mortgage insurer may have available (which may include funds obtained from Mortgage Insurance premiums).

As a result of these agreements, Lender, any purchaser of the Note, another insurer, any reinsurer, any other entity, or any affiliate of any of the foregoing, may receive (directly or indirectly) amounts that derive from (or might be characterized as) a portion of Borrower's payments for Mortgage Insurance, in exchange for sharing or modifying the mortgage insurer's risk, or reducing losses. If such agreement provides that an affiliate of Lender takes a share of the insurer's risk in exchange for a share of the premiums paid to the insurer, the arrangement is often termed "captive reinsurance." Further:


(a) Any such agreements will not affect the amounts that Borrower has agreed to pay for Mortgage Insurance, or any other terms of the Loan. Such agreements will not increase the amount Borrower will owe for Mortgage Insurance, and they will not entitle Borrower to any refund.

10238451

 -6 A (CA) (0207)

Page 8 of 15

Initials 

 Form 3005 1/01

(b) Any such agreements will not affect the rights Borrower has - if any - with respect to the Mortgage Insurance under the Homeowners Protection Act of 1998 or any other law. These rights may include the right to receive certain disclosures, to request and obtain cancellation of the Mortgage Insurance, to have the Mortgage Insurance terminated automatically, and/or to receive a refund of any Mortgage Insurance premiums that were unearned at the time of such cancellation or termination.

11. Assignment of Miscellaneous Proceeds; Forfeiture. All Miscellaneous Proceeds are hereby assigned to and shall be paid to Lender.

If the Property is damaged, such Miscellaneous Proceeds shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such Miscellaneous Proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may pay for the repairs and restoration in a single disbursement or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such Miscellaneous Proceeds, Lender shall not be required to pay Borrower any interest or earnings on such Miscellaneous Proceeds. If the restoration or repair is not economically feasible or Lender's security would be lessened, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such Miscellaneous Proceeds shall be applied in the order provided for in Section 2.

In the event of a total taking, destruction, or loss in value of the Property, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the Miscellaneous Proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the partial taking, destruction, or loss in value divided by (b) the fair market value of the Property immediately before the partial taking, destruction, or loss in value. Any balance shall be paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is less than the amount of the sums secured immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.


If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the Opposing Party (as defined in the next sentence) offers to make an award to settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the Miscellaneous Proceeds either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due. "Opposing Party" means the third party that owes Borrower Miscellaneous Proceeds or the party against whom Borrower has a right of action in regard to Miscellaneous Proceeds.

Borrower shall be in default if any action or proceeding, whether civil or criminal, is begun that, in Lender's judgment, could result in forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. Borrower can cure such a default and, if acceleration has occurred, reinstate as provided in Section 19, by causing the action or proceeding to be dismissed with a ruling that, in Lender's judgment, precludes forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. The proceeds of any award or claim for damages that are attributable to the impairment of Lender's interest in the Property are hereby assigned and shall be paid to Lender.

All Miscellaneous Proceeds that are not applied to restoration or repair of the Property shall be applied in the order provided for in Section 2.

12. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender

10238451

 VMP -6 A(CA) (0207)

Page 9 of 15

Initials:  

Form 3005 1/01

to Borrower or any Successor in Interest of Borrower shall not operate to release the liability of Borrower or any Successors in Interest of Borrower. Lender shall not be required to commence proceedings against any Successor in Interest of Borrower or to refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or any Successors in Interest of Borrower. Any forbearance by Lender in exercising any right or remedy including, without limitation, Lender's acceptance of payments from third persons, entities or Successors in Interest of Borrower or in amounts less than the amount then due, shall not be a waiver of or preclude the exercise of any right or remedy.

13. Joint and Several Liability; Co-signers; Successors and Assigns Bound. Borrower covenants and agrees that Borrower's obligations and liability shall be joint and several. However, any Borrower who co-signs this Security Instrument but does not execute the Note (a "co-signer"): (a) is co-signing this Security Instrument only to mortgage, grant and convey the co-signer's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower can agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without the co-signer's consent.


Subject to the provisions of Section 18, any Successor in Interest of Borrower who assumes Borrower's obligations under this Security Instrument in writing, and is approved by Lender, shall obtain all of Borrower's rights and benefits under this Security Instrument. Borrower shall not be released from Borrower's obligations and liability under this Security Instrument unless Lender agrees to such release in writing. The covenants and agreements of this Security Instrument shall bind (except as provided in Section 20) and benefit the successors and assigns of Lender.

14. Loan Charges. Lender may charge Borrower fees for services performed in connection with Borrower's default, for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument, including, but not limited to, attorneys' fees, property inspection and valuation fees. In regard to any other fees, the absence of express authority in this Security Instrument to charge a specific fee to Borrower shall not be construed as a prohibition on the charging of such fee. Lender may not charge fees that are expressly prohibited by this Security Instrument or by Applicable Law.

If the Loan is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the Loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge (whether or not a prepayment charge is provided for under the Note). Borrower's acceptance of any such refund made by direct payment to Borrower will constitute a waiver of any right of action Borrower might have arising out of such overcharge.

15. Notices. All notices given by Borrower or Lender in connection with this Security Instrument must be in writing. Any notice to Borrower in connection with this Security Instrument shall be deemed to have been given to Borrower when mailed by first class mail or when actually delivered to Borrower's notice address if sent by other means. Notice to any one Borrower shall constitute notice to all Borrowers unless Applicable Law expressly requires otherwise. The notice address shall be the Property Address unless Borrower has designated a substitute notice address by notice to Lender. Borrower shall promptly notify Lender of Borrower's change of address. If Lender specifies a procedure for reporting Borrower's change of address, then Borrower shall only report a change of address through that specified procedure. There may be only one designated notice address under this Security Instrument at any one time. Any notice to Lender shall be given by delivering it or by mailing it by first class mail to Lender's address stated herein unless Lender has designated another address by notice to Borrower. Any notice in connection with this Security Instrument shall not be deemed to have been given to Lender until actually received by Lender. If any notice required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

10238451

 -6A(CA) (0207)

Page 10 of 15

Initials:



Form 3005 1/01

16. Governing Law; Severability; Rules of Construction. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law. Applicable Law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. In the event that any provision or clause of this Security Instrument or the Note conflicts with Applicable Law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision.

As used in this Security Instrument: (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender; (b) words in the singular shall mean and include the plural and vice versa; and (c) the word "may" gives sole discretion without any obligation to take any action.

17. Borrower's Copy. Borrower shall be given one copy of the Note and of this Security Instrument.

18. Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.


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

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

19. Borrower's Right to Reinstate After Acceleration. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earliest of: (a) five days before sale of the Property pursuant to any power of sale contained in this Security Instrument; (b) such other period as Applicable Law might specify for the termination of Borrower's right to reinstate; or (c) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument; and (d) takes such action as Lender may reasonably require to assure that Lender's interest in the Property and rights under this Security Instrument, and Borrower's obligation to pay the sums secured by this Security Instrument, shall continue unchanged. Lender may require that Borrower pay such reinstatement sums and expenses in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality or entity; or (d) Electronic Funds Transfer. Upon reinstatement by Borrower, this Security Instrument and obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Section 18.

20. Sale of Note; Change of Loan Servicer; Notice of Grievance. The Note or a partial interest in the Note (together with this Security Instrument) can be sold one or more times without prior notice to Borrower. A sale might result in a change in the entity (known as the "Loan Servicer") that collects Periodic Payments due under the Note and this Security Instrument and performs other mortgage loan servicing obligations under the Note, this Security Instrument, and Applicable Law. There also might be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change which will state the name and address of the new Loan Servicer, the address to which payments should be made and any other information RESPA

10238451

 LMP-5A(CA) (0207)

Page 11 of 15

Initials: 

Form 3005 1/01

requires in connection with a notice of transfer of servicing. If the Note is sold and thereafter the Loan is serviced by a Loan Servicer other than the purchaser of the Note, the mortgage loan servicing obligations to Borrower will remain with the Loan Servicer or be transferred to a successor Loan Servicer and are not assumed by the Note purchaser unless otherwise provided by the Note purchaser.


Neither Borrower nor Lender may commence, join, or be joined to any judicial action (as either an individual litigant or the member of a class) that arises from the other party's actions pursuant to this Security Instrument or that alleges that the other party has breached any provision of, or any duty owed by reason of, this Security Instrument, until such Borrower or Lender has notified the other party (with such notice given in compliance with the requirements of Section 15) of such alleged breach and afforded the other party hereto a reasonable period after the giving of such notice to take corrective action. If Applicable Law provides a time period which must elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this paragraph. The notice of acceleration and opportunity to cure given to Borrower pursuant to Section 22 and the notice of acceleration given to Borrower pursuant to Section 18 shall be deemed to satisfy the notice and opportunity to take corrective action provisions of this Section 20.

21. Hazardous Substances. As used in this Section 21: (a) "Hazardous Substances" are those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials; (b) "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection; (c) "Environmental Cleanup" includes any response action, remedial action, or removal action, as defined in Environmental Law; and (d) an "Environmental Condition" means a condition that can cause, contribute to, or otherwise trigger an Environmental Cleanup.

Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances, or threaten to release any Hazardous Substances, on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property (a) that is in violation of any Environmental Law, (b) which creates an Environmental Condition, or (c) which, due to the presence, use, or release of a Hazardous Substance, creates a condition that adversely affects the value of the Property. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property (including, but not limited to, hazardous substances in consumer products).

Borrower shall promptly give Lender written notice of (a) any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge, (b) any Environmental Condition, including but not limited to, any spilling, leaking, discharge, release or threat of release of any Hazardous Substance, and (c) any condition caused by the presence, use or release of a Hazardous Substance which adversely affects the value of the Property. If Borrower learns, or is notified by any governmental or regulatory authority, or any private party, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Nothing herein shall create any obligation on Lender for an Environmental Cleanup.

10238451

 -6A(CA) (0207)

Page 12 of 15

Initials:

Form 3005 1/01

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

22. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under Section 18 unless Applicable Law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by Applicable Law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 22, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold. Trustee shall cause this notice to be recorded in each county in which any part of the Property is located. Lender or Trustee shall mail copies of the notice as prescribed by Applicable Law to Borrower and to the other persons prescribed by Applicable Law. Trustee shall give public notice of sale to the persons and in the manner prescribed by Applicable Law. After the time required by Applicable Law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the Property at any sale.


Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

23. Reconveyance. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty to the person or persons legally entitled to it. Lender may charge such person or persons a reasonable fee for reconveying the Property, but only if the fee is paid to a third party (such as the Trustee) for services rendered and the charging of the fee is permitted under Applicable Law. If the fee charged does not exceed the fee set by Applicable Law, the fee is conclusively presumed to be reasonable.

24. Substitute Trustee. Lender, at its option, may from time to time appoint a successor trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Lender and recorded in the office of the Recorder of the county in which the Property is located. The instrument shall contain the name of the original Lender, Trustee and Borrower, the book and page where this Security Instrument is recorded and the name and address of the successor trustee. Without conveyance of the Property, the successor trustee shall succeed to all the title, powers and duties conferred upon the Trustee herein and by Applicable Law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

25. Statement of Obligation Fee. Lender may collect a fee not to exceed the maximum amount permitted by Applicable Law for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California.

10238451

 -6 A(CA) (0207)

Page 13 of 15

Initials: 


Form 3005 1/01

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any Rider executed by Borrower and recorded with it.

Witnesses:

 (Seal)
WESLIE BENNETT -Borrower

 (Seal)
PAUL DANIEL BENNETT -Borrower

(Seal)
-Borrower

(Seal)
-Borrower


(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

10238451

 -6A(CA) (0207)

Page 14 of 15

Form 3005 1/01

State of California

County of *ORANGE*

} ss.

On *July 20, 2005*

before me, *ELISEO ORNELAS JR*

personally appeared

LESLIE BENNETT AND PAUL DANIEL BENNETT

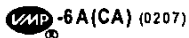
(or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s)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

WITNESS my hand and official seal.

[Handwritten Signature] (Seal)



10238451



PDB, *VPB*
Initials: *VPB*

Loan Number 10238451

ADJUSTABLE RATE RIDER
(LIBOR Six-Month Index (As Published In The Wall Street Journal)-Rate Caps)

THIS ADJUSTABLE RATE RIDER is made this 20th day of July, 2005, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") of the same date given by the undersigned ("Borrower") to secure Borrower's Adjustable Rate Note (the "Note") to PEOPLE'S CHOICE HOME LOAN, INC. a WYOMING CORPORATION ("Lender") of the same date and covering the property described in the Security Instrument and located at:

107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672
[Property Address]

THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND THE MONTHLY PAYMENT. THE NOTE LIMITS THE AMOUNT BORROWER'S INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE BORROWER MUST PAY.

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. INTEREST RATE AND MONTHLY PAYMENT CHANGES

The Note provides for an initial interest rate of 8.500%. The Note provides for changes in the interest rate and the monthly payments, as follows:

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The interest rate I will pay may change on the 1st day of August, 2007 and on that day every 6 month(s) thereafter. Each date on which my interest rate could change is called a "Change Date."

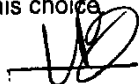
(B) The Index

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the average of interbank offered rates for six month U.S. dollar-denominated deposits in the London market ("LIBOR"), as published in The Wall Street Journal. The most recent Index figure available as of the date 45 days before each Change Date is called the "Current Index."

If the Index is no longer available, the Note Holder will choose a new index that is based upon comparable information. The Note Holder will give me notice of this choice.

msar1 09/26/01

Page 1 of 3



Initials:



(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding five and three-quarters percentage points (5.750%) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than 11.500 % or less than 8.500 %. Thereafter, my interest rate will never be increased or decreased on any single Change Date by more than one percentage points (1.000%) from the rate of interest I have been paying for the preceding 6 months. My interest rate will never be greater than 14.500%. My interest rate will never be less than 8.500%.

(E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(F) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in my interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given to me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

B. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

Uniform Covenant 18 of the Security Instrument is amended to read as follows:

Transfer of the Property or a Beneficial Interest Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.


If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by Applicable Law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender also may require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

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

msar2 09/26/01

Page 2 of 3

 Initials: PDB

5. BORROWER'S RIGHT TO PREPAY

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

The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount before applying my Prepayment to reduce the Principal amount of this Note. If I make a partial Prepayment, there will be no changes in the due dates of my monthly payments unless the Note Holder agrees in writing to those changes. My partial Prepayment may reduce the amount of my monthly payments after the first Change Date following my partial Prepayment. However, any reduction due to my partial prepayment may be offset by an increase in the interest rate.

If within Twenty-four (24) months from the date of execution of the Security Instrument, I make full Prepayment or partial Prepayment, and the total of such Prepayment(s) in any 12-month period exceeds twenty percent (20%) of the original Principal amount of the loan, I will pay a Prepayment charge in an amount equal to 6 months' advance interest on the amount by which the total of my Prepayment(s) within that 12-month period exceeds twenty percent (20%) of the original Principal amount of the loan.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Adjustable Rate Rider.



LESLIE BENNETT (Seal)
-Borrower



PAUL DANIEL BENNETT (Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

Exhibit "A"

LEGAL DESCRIPTION

Real property in the City of San Clemente, County of Orange, State of California, described as follows:

LOT 9, BLOCK 3, TRACT 900, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 28, PAGES 21 TO 24 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 060-091-26

Stewart Title



EM, No. BENNETT

FROM: [REDACTED]		INVOICE	
TO: [REDACTED]		INVOICE NUMBER: BENNETT	
		DATE: 07/18/05	
		REFERENCE: Internal Order #: BENNETT Lender Case #: Direct File #: Main File # on form: BENNETT Other File # on form: DRM Federal Tax ID: Employer ID:	
DESCRIPTION			
Lender: MC FUNDING Purchaser/Borrower: PAUL DANIEL & LESLIE BENNETT Property Address: 107 AVENIDA SAN DIMAS City: SAN CLEMENTE County: ORANGE Legal Description: N TR 900 BLK 3 LOT 9		Client: MC FUNDING State: CA Zip: 92672-0422	
FEES			AMOUNT
Full Appraisal			350.00
SUBTOTAL			350.00
PAYMENTS			AMOUNT
Check #: 4559	Date: 07/18/05	Description: PAYMENT FOR APPRAISAL	350.00
Check #:	Date:	Description:	
Check #:	Date:	Description:	
SUBTOTAL			350.00
TOTAL DUE			\$ 0.00

Form NIVS — "TOTAL for Windows" appraisal software by a la mode, inc. — 1-800-ALAMODE
 CAL-PAC PROPERTIES

CAL-PAC PROPERTIES

File No. BENNETT Page #4

DRM

UNIFORM RESIDENTIAL APPRAISAL REPORT

File No. BENNETT

Property Description

Property Address: 107 AVENIDA SAN DIMAS City: SAN CLEMENTE State: CA Zip Code: 92672-3422
 Legal Description: N TR 900 BLK 3 LOT 9 County: ORANGE
 Assessor's Parcel No.: 060-091-26 Tax Year: 2004-20 R.E. Taxes: \$ 8,862.16 Special Assessments: \$ 0.00
 Borrower: PAUL DANIEL & LESLIE BENNETT Current Owner: PAUL DANIEL & LESLIE BENNETT Occupant: Owner Tenant Vacant
 Property rights appraised: Fee Simple Leasehold Project Type: PUD Condominium (HUD/VA only) HOA \$ /Mo.
 Neighborhood or Project Name: PACIFIC RIDGE Map Reference: 921/C3 Census Tract: 0421.14
 Sale Price: \$ RE-FI Date of Sale: NA Description and \$ amount of loan charges/concessions to be paid by seller: NONE
 Lender/Client: MC FUNDING Address: 20 CORPORATE PARK, IRVINE, CA
 Appraiser: RALPH A. WATKINS Address: 23471 DOVER COURT, MURRIETA, CA 92562

Location: Urban Suburban Rural
 Built up: Over 75% 25-75% Under 25%
 Growth rate: Rapid Stable Slow
 Property values: Increasing Stable Declining
 Demand/supply: Shortage In balance Over supply
 Marketing time: Under 3 mos. 3-6 mos. Over 6 mos.
 Predominant occupancy: Owner 96 Tenant 1 Vacant (0-5%) Vac. (over 5%)
 Single family housing: PRICE \$ (000) AGE (yrs)
 One family: 770 Low 30 Present land use %: 90
 2-4 family: 880 High 70
 Multi-family: 3
 Commercial: 5
 Land use change: Not likely Likely In process

Note: Race and the racial composition of the neighborhood are not appraisal factors.
 Neighborhood boundaries and characteristics: NORTH; 5 FREEWAY, SOUTH; 5 FREEWAY, EAST; SAN ONOFRE STATE BEACH, AND WEST; 5 FREEWAY TERRAIN: FLAT TO ROLLING HILLS.
 Factors that affect the marketability of the properties in the neighborhood (proximity to employment and amenities, employment stability, appeal to market, etc.):
 THE NEIGHBORHOOD IS DEVELOPED WITH HOMES THAT MAY VARY IN SIZE AND STYLE. MOST HOMES ARE OF AVERAGE TO GOOD IN QUALITY. SUBJECT PROPERTY CONFORMS WITH THE NEIGHBORHOOD AND HAS A HIGH APPEAL TO THE MARKET. SUPPORT FACILITIES, SCHOOLS AND SERVICES ARE WITHIN A THREE MILE RADIUS. THIS IS TYPICAL FOR THIS AREA. EMPLOYMENT APPEARS TO BE STABLE IN THE AREA.
 Market conditions in the subject neighborhood (including support for the above conclusions related to the trend of property values, demand/supply, and marketing time - such as data on competitive properties for sale in the neighborhood, description of the prevalence of sales and financing concessions, etc.):
 MARKETING TIME IN THIS GENERAL AREA CAN RANGE FROM 1-3 MONTHS FOR LOWER PRICED HOMES. LARGER HOMES TYPICALLY TAKE UP TO 4-6 MONTHS TO SELL. RECENT PUBLISHED REPORTS INDICATE VALUES FOR THIS AREA APPEAR TO BE INCREASING. CURRENT INTEREST RATES ARE 6-7%. POINTS MAY VARY AT 1-2%.

Project information for PUDs (if applicable) -- Is the developer/builder in control of the Home Owners' Association (HOA)? Yes No NA
 Approximate total number of units in the subject project: NA Approximate total number of units for sale in the subject project: NA
 Describe common elements and recreational facilities: NA

Dimensions: RECTANGULAR Topography: FLAT TO ROLLING HILLS
 Site area: 10 ACRES Corner Lot: Yes No Size: 4545 SF
 Specific zoning classification and description: SFR Shape: RECTANGULAR
 Zoning compliance: Legal Legal nonconforming (Grandfathered use) Illegal No zoning Drainage: ADEQUATE
 Highest & best use as improved: Present use Other use (explain): LIMITED View:
 Utilities: Public Other Off-site improvements Type Public Private Landscaping: AVERAGE
 Electricity: Street: ASPHALT / TYPICAL Driveway Surface: PAVERS
 Gas: Curb/gutter: YES / TYPICAL Apparent easements: PUBLIC UTILITIES
 Water: Sidewalk: YES / TYPICAL FEMA Special Flood Hazard Area: Yes No
 Sanitary sewer: Street lights: NO / TYPICAL FEMA Zone: X Map Date: 2/18/2004
 Storm sewer: Alley: NONE / TYPICAL FEMA Map No.: 06059C0538H
 Comments (apparent adverse easements, encroachments, special assessments, slide areas, illegal or legal nonconforming zoning use, etc.): NO APPARENT ADVERSE EASEMENTS. NO ENCROACHMENT OR SLIDE AREAS WERE NOTICED UPON INSPECTION. ACCESS TO SUBJECT PROPERTY IS FROM IMPROVED STREET.

GENERAL DESCRIPTION	EXTERIOR DESCRIPTION		FOUNDATION		BASEMENT		INSULATION	
	No. of Units	Foundation	Slab	YES	Area Sq. Ft.	% Finished	Roof	
1	CONCRETE	YES			NA		<input type="checkbox"/>	
ONE	WD / STUCCO	Crawl Space	NONE		NA		Ceiling: UNKNW <input checked="" type="checkbox"/>	
ATTACHED	COMPOSITION	Basement	NONE		NA		Walls: UNKNW <input checked="" type="checkbox"/>	
1 STORY AI	Gutters & Downspouts: NO	Sump Pump	NONE		NA		Floor: <input type="checkbox"/>	
EXISTING	Window Type: ALUM / SLDR	Dampness	NONE APPAREN		NA		None: <input type="checkbox"/>	
1953	Storm/Screens: NO	Settlement	NONE APPAREN		NA		Unknown: <input type="checkbox"/>	
25	Manufactured House: NO	Infiltration	NONE APPAREN		NA		ADEQUATE	

DESCRIPTION OF IMPROVEMENTS	ROOMS										# Baths	Laundry	Other	Area Sq. Ft.
	Basement	Foyer	Living	Dining	Kitchen	Den	Family Rm.	Rec. Rm.	Bedrooms					
Level 1		1	1	1							2	1		1,088
Level 2														

Finished area above grade contains: 5 Rooms: 2 Bedroom(s): 1 Bath(s): 1,088 Square Feet of Gross Living Area

INTERIOR	Materials/Condition	HEATING	YES	KITCHEN EQUIP.	ATTIC	AMENITIES	CAR STORAGE: 2 GAR ATT
Floors	TILE / AVERAGE	Type	FAU	Refrigerator	<input type="checkbox"/>	Fireplace(s) # 1 <input checked="" type="checkbox"/>	None <input type="checkbox"/>
Walls	DRYWALL / AVG	Fuel	GAS	Range/Oven	<input checked="" type="checkbox"/>	Patio CONCRETE <input type="checkbox"/>	Garage # of cars
Trim/Finish	WOOD / AVG	Condition	AVG	Disposal	<input checked="" type="checkbox"/>	Deck <input type="checkbox"/>	Attached 2 CAR ATT
Bath Floor	TILE/AVERAGE	COOLING	NA	Dishwasher	<input checked="" type="checkbox"/>	Porch <input type="checkbox"/>	Detached
Bath Wainscot	ENAMEL / AVG	Central	NA	Fan/Hood	<input checked="" type="checkbox"/>	Floor <input type="checkbox"/>	Built-in
Doors	METAL ENTRY/AVG	Other	NA	Microwave	<input type="checkbox"/>	Pool <input type="checkbox"/>	Carport
INT WD / AVERAGE	Condition	NONE		Washer/Dryer	<input type="checkbox"/>	Finished	Driveway PAVERS

Additional features (special energy efficient items, etc.): WINDOWS / FIREPLACE
 Condition of the improvements, depreciation (physical, functional, and external), repairs needed, quality of construction, remodeling/additions, etc.: NO NEEDED
 REPAIRS NOTED. AVERAGE QUALITY CONSTRUCTION. NO FUNCTIONAL OR EXTERNAL OBSOLESCENCE NOTED.
 Adverse environmental conditions (such as, but not limited to, hazardous wastes, toxic substances, etc.) present in the improvements, on the site, or in the immediate vicinity of the subject property: NONE APPARENT UPON INSPECTION.

EXHIBIT B

File No. BENNETT (Page #5)

DRM

File No. BENNETT

UNIFORM RESIDENTIAL APPRAISAL REPORT

Valuation Section

ESTIMATED SITE VALUE		= \$	670,000	Comments on Cost Approach (such as, source of cost estimate, site value, square foot calculation and for HUD, VA and FHA, the estimated remaining economic life of the property): MARSHALL AND SWIFTS RESIDENTIAL HANDBOOK WAS USED TO ESTIMATE THE REPLACEMENT COST NEW. THE AGE/LIFE METHOD WAS USED FOR DEPRECIATION REGARDING THE EFFECTIVE AGE LAND SALES THE ABSTRACT METHOD WAS USED TO DETERMINE THE LAND VALUE AS COMPARABLE LOT SALES WERE NOT AVAILABLE IN THIS AREA DUE TO THE LARGE DEVELOPMENT OF NEW SUB-DIVISIONS. THE REMAINING ECONOMIC LIFE OF THE SUBJECT PROPERTY IS 40 YEARS.
ESTIMATED REPRODUCTION COST-NEW-OF IMPROVEMENTS:				
Dwelling	1,088 Sq. Ft. @\$ 150.00	= \$	163,200	
	Sq. Ft. @\$	=		
Garage/Carport	460 Sq. Ft. @\$ 50.00	=	23,000	
Total Estimated Cost New		= \$	186,200	
Less	Physical Functional External			
Depreciation	55,860	= \$	55,860	
Depreciated Value of Improvements		= \$	130,340	
*As-is" Value of Site Improvements	LANDSCAPING, ETC	= \$	25,000	
INDICATED VALUE BY COST APPROACH		= \$	825,340	

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Address	107 AVENIDA SAN DIMAS SAN CLEMENTE, CA	254 AVENIDA PALIZADA SAN CLEMENTE, CA	206 W AVE DE LOS LOBOS MA SAN CLEMENTE, CA	174 WEST AVENIDA JUNIPER SAN CLEMENTE, CA
Proximity to Subject		1.30 miles	1.05 miles	0.77 miles
Sales Price	\$ RE-FI	\$ 825,000	\$ 800,000	\$ 775,000
Price/Gross Living Area	\$	\$ 727.51	\$ 793.65	\$ 727.02
Data and/or Verification Source	PERSONAL INSPECTION	MLS/PERS INSPEC/REAL QUE DOC # 0411825	MLS/PERS INSPEC/REAL QUE DOC # 0376037	MLS/PERS INSPEC/REAL QUE DOC # 0191274
VALUE ADJUSTMENTS	DESCRIPTION	+(-)\$ Adjust.	DESCRIPTION	+(-)\$ Adjust.
Sales or Financing Concessions		CONVENTIONAL NONE NOTED	CONVENTIONAL NONE NOTED	CONVENTIONAL NONE NOTED
Date of Sale/Time		06/01/05 COE	05/17/05 COE	03/14/05 COE
Location	AVERAGE	AVERAGE	AVERAGE	AVERAGE
Leasehold/Fee Simple	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE
Site	10 ACRES	14 ACRES	.08 ACRES	.08 ACRES
View	LIMITED	LIMITED	LIMITED	LIMITED
Design and Appeal	1-STORY/ AVG	2-STORY/ AVG	1-STORY/ AVG	1-STORY/ AVG
Quality of Construction	AVERAGE	AVERAGE	AVERAGE	AVERAGE
Age	1953 / EFF 18	1958 / EFF 20	1971 / EFF 15	1963 / EFF 18
Condition	AVERAGE	AVERAGE	AVERAGE	AVERAGE
Above Grade Room Count	Total Bdrms: Baths 5 - 2 - 1	Total Bdrms: Baths 5 - 2 - 2	Total Bdrms: Baths 5 - 2 - 2	Total Bdrms: Baths 4 - 2 - 1
Gross Living Area	1,088 Sq. Ft.	1,134 Sq. Ft.	1,008 Sq. Ft.	1,066 Sq. Ft.
Basement & Finished Rooms Below Grade	NONE	NONE	NONE	NONE
Functional Utility	AVERAGE	AVERAGE	AVERAGE	AVERAGE
Heating/Cooling	FAU/ NONE	FAU/ NONE	FAU/ NONE	FAU/ NONE
Energy Efficient Items	WINDOWS/FP	FP/ WINDOWS	FP/ WINDOWS	FP/ WINDOWS
Garage/Carport	2 GAR ATT	1 GAR / ATT +3,000	2 GAR / DET	1 GAR / ATT +3,000
Porch, Patio, Deck, Fireplace(s), etc.	NONE	SIMILAR 1- FIREPLACE	SIMILAR 1- FIREPLACE	SIMILAR 1-FIREPLACE
Fence, Pool, etc.	NO POOL /SPA	NO POOL /SPA	NO POOL / SPA	NO POOL /SPA
LANDSCAPE/HARD	AVERAGE	AVERAGE	AVERAGE	AVERAGE
Net Adj. (total)			3,000	3,000
Adjusted Sales Price of Comparable		\$ 825,000	\$ 797,000	\$ 778,000

Comments on Sales Comparison (including the subject property's compatibility to the neighborhood, etc.): THE DATA USED IS THE MOST RECENT AND VERIFIABLE COMPARABLE SALES TO THE SUBJECT. IT IS THIS APPRAISERS CONSIDERED OPINION THAT \$30.00 A SQUARE FOOT IS ADEQUATE FOR ANY GROSS LIVING AREA DIFFERENCES. ALSO AN ADJUSTMENT OF \$3,000 FOR A BEDROOM, FIREPLACE AND GARAGE SPACE DIFFERENCES. \$ 2.00 /SF WAS USED FOR DIFFERENCES FOR SITE AREAS. FMNA GUIDELINES OF 15% NET AND 25% GROSS ADJUSTMENTS WERE ADHERED TO. IT WAS POSSIBLE TO BRACKET THE SUBJECTS SQUARE FOOTAGE. ALL OTHER ADJUSTMENTS WERE MADE ACCORDINGLY.

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Date, Price and Data Source, for prior sales within year of appraisal	NO PRIOR SALE IN THE LAST 36 MONTHS	NO PRIOR SALES FOUND FOR WITHIN THE LAST 12 MONTHS	NO PRIOR SALES FOUND FOR WITHIN THE LAST 12 MONTHS	NO PRIOR SALES FOUND FOR WITHIN THE LAST 12 MONTHS
Analysis of any current agreement of sale, option, or listing of subject property and analysis of any prior sales of subject and comparables within one year of the date of appraisal:	ACCORDING TO PUBLIC RECORDS, THE SUBJECT PROPERTY HAS NOT BEEN LISTED OR OFFERED FOR SALE WITHIN THE PAST 12 MONTHS.			

INDICATED VALUE BY SALES COMPARISON APPROACH \$ 825,000
 INDICATED VALUE BY INCOME APPROACH (if Applicable) Estimated Market Rent \$ /Mo. x Gross Rent Multiplier = \$

This appraisal is made "as is" subject to the repairs, alterations, inspections or conditions listed below subject to completion per plans & specifications.
 Conditions of Appraisal: NONE

Final Reconciliation: THE DIRECT COMPARISON APPROACH IS CONSIDERED TO BE THE BEST INDICATOR OF VALUE AS IT REFLECTS THE ACTIONS OF BOTH BUYERS AND SELLERS OF THE MARKET. MOST EMPHASIS IS PLACED ON THE ADJUSTED SALES PRICE OF COMPARABLE #1 WITH STRONG SUPPORT FROM SALES #2, #3, #4, AND FROM THE INDICATED VALUE OF THE COST APPROACH.

The purpose of this appraisal is to estimate the market value of the real property that is the subject of this report, based on the above conditions and the certification, contingent and limiting conditions, and market value definition that are stated in the attached Freddie Mac Form 439/FMNA Form 1004B (Revised, _____).

(I/WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT, AS OF 07/18/05
 (WHICH IS THE DATE OF INSPECTION AND THE EFFECTIVE DATE OF THIS REPORT) TO BE \$ 825,000

APPRaiser: RALPH A. WATKINS SUPERVISORY APPRAISER (ONLY IF REQUIRED):
 Signature: [Signature] Signature: _____ Did Did Not
 Name: RALPH A. WATKINS Name: _____ Inspect Property
 Date Report Signed: July 25, 2005 Date Report Signed: _____
 State Certification # _____ State Certification # _____
 Or State License # AL 035424 State License # _____

PEOPLES CHOICE
Property Appraisal Review Summary

I

Borrower LESLIE BENNETT APN 060-091-26 Hub # 110 Loan # 10238451
 Property Address 107 AVENIDA SAN DIMAS City SAN CLEMENTE County Orange State CA Zip 92672
 Appraised Value \$825,000.00 Effective 07/18/05 Current Sale Price \$ 0.00 Date _____ Sales Contract? Yes No
 Loan Amount \$ 695,000.00 LTV 84.242 CLTV 84.242 Final Risk Grade A
 Purpose Cash Out Income Doc Full Doc Occupancy Owner Occupied
 Property Type SFR Property Quality Average Design Detached Ownership FICO
 Square Footage 1,088 Lot Size .10 AC Age 52 Map Information 921/C3
 Property Description N TR 900 BLK 3 LOT 9

Broker M C FUNDING INC
 Appraiser RALPH WATKINS License # AL035424 Account Mgr. Tony Tamaddoni

II

	Yes	No	
1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The subjects rate of appreciation has not exceeded 15% per year, or 25% over the past two years.
2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The transaction is "arms length", not a gift or inner family.
3	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Comparables sold within 6 months and the review was performed within 4 months of the appraisal's effective date.
4	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The subject and sales data is verifiable and included in the appraisal.
5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The improvements conform to the neighborhood.
6	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The comparable sales and subject share similar external influences.
7	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Similar sales are readily available (sales bracket the subject value).
8	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Comparables are located within 1 mile.
9	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The subject has not recently sold and is not currently listed.
10	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The property is not rural or remote.
11	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The subject is in average or better than average condition (deferred does not exceed 4%).
12	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The appraised value is presented "as is" with no evidence of work in progress.
13	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Contributory Value of the land does not exceed 50%.
14	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Subject site size does not exceed 5 acres.
15	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Market section contains no single adjustment in excess of 10% or combined over 20%.
16	<input checked="" type="checkbox"/>	<input type="checkbox"/>	No value was given to non-permitted or non-residential improvements.
17	<input checked="" type="checkbox"/>	<input type="checkbox"/>	If Manufactured, the home has not been moved in the past 12 months.
18	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The property meets the highest and best use requirements.
19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Subject is not on a legal non-conforming property.
20	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Original photos are provided of both subject and comparables.

Score 92

III

Conditions: 07/20/2005 Correct APN in appraisal report *AL* Status: Open

IV

Final value based on the Review Summary: \$825,000.00 Reliability Factor 9.00 Type of Review Field Desk
 Summary by Lily Nguyen Signature *LN* Date _____
 Appraisal Supervisor Luis Carrillo Signature *LC* Date 07/20/2005

V

	Comp #1	+/-	Comp #2	+/-	Comp #3	+/-
Address	123 Avenida	0.00	120 AVE SAN DIEGO	0.00		0.00
Proximity	0.05 miles	0.00	.21 MILE	0.00		0.00
Price	\$769,000.00	0.00	\$879,000.00	0.00	\$0.00	0.00
Date	07/07/2005	0.00	05/03/2005	0.00		0.00
Age	45	0.00	68	0.00	0	0.00
Design	SFR	0.00	DETACHED	0.00		0.00
Condition	Average	0.00	AVERAGE	0.00		0.00
Other 1	1,190 sf - GLA	0.00	1055 SF	0.00		0.00
Other 2	4,680 sf - Lot size	0.00		0.00		0.00
Other 3		0.00		0.00		0.00
Other 4		0.00		0.00		0.00
Other 5		0.00		0.00		0.00

VI

Additional Comments Additional comparables similar to subject property's location given to support estimated value.

UNIFORM SINGLE-FAMILY RESIDENTIAL APPRAISAL REPORT

Property Description
 Property Address: 107 AVENIDA SAN DIMAS City: SAN CLEMENTE State: CA Zip: 92672-3422
 Legal Description: N TR 900 BLK 3 LOT 9 County: ORANGE
 Assessor's Parcel No: 060 091-26 Tax Year: 2004-200 R.E. Taxes: \$ 8,862.16 Special Assessments: \$ 0.00
 Borrower: PAUL DANIEL & LESLIE BENNETT Current Owner: PAUL DANIEL & LESLIE BENNETT Occupant: Owner Tenant Vacant
 Property rights appraised: Fee Simple Leasehold Project Type: PUD Condominium (HUD/VA only) HDA: \$ /Mo
 Neighborhood or Project Name: PACIFIC RIDGE Map Reference: 921/G3 Census Tract: 0421.14
 Sale Price: \$ RE-FI Date of Sale: NA Description and \$ amount of loan charges/concessions to be paid by seller: NONE
 Lender/Client: MC FUNDING Address: 20 CORPORATE PARK, IRVINE, CA
 Appraiser: RALPH A. WATKINS Address: 23471 DOVER COURT, MURRIETA, CA 92562

Location: Urban Suburban Rural Predominant occupancy: Owner 96 Tenant 1 Vacant (0-5%)
 Built up: Over 75% 25-75% Under 25% Single family housing AGE (yrs): 30
 Growth rate: Rapid Stable Slow Present land use %: One family: 90 2-4 family: 2 Multi-family: 3 Commercial: 5
 Property values: Increasing Stable Declining Demand/supply: In balance Over supply
 Marketing time: Under 3 mos. 3-6 mos. Over 6 mos. Land use change: Not likely Likely In process

Note: Race and the racial composition of the neighborhood are not appraisal factors.
 Neighborhood boundaries and characteristics: NORTH: 5 FREEWAY, SOUTH: 5 FREEWAY, EAST: SAN ONOFRE STATE BEACH, AND WEST: 5 FREEWAY TERRAIN: FLAT TO ROLLING HILLS
 Factors that affect the marketability of the properties in the neighborhood (proximity to employment and amenities, employment stability, appeal to market, etc.):
 THE NEIGHBORHOOD IS DEVELOPED WITH HOMES THAT MAY VARY IN SIZE AND STYLE MOST HOMES ARE OF AVERAGE TO GOOD IN QUALITY
 SUBJECT PROPERTY CONFORMS WITH THE NEIGHBORHOOD AND HAS A HIGH APPEAL TO THE MARKET. SUPPORT FACILITIES, SCHOOLS AND SERVICES ARE WITHIN A THREE MILE RADIUS. THIS IS TYPICAL FOR THIS AREA. EMPLOYMENT APPEARS TO BE STABLE IN THE AREA

Market conditions in the subject neighborhood (including support for the above conclusions related to the trend of property values, demand/supply, and marketing time - such as data on competitive properties for sale in the neighborhood, description of the prevalence of sales and financing concessions, etc.):
 MARKETING TIME IN THIS GENERAL AREA CAN RANGE FROM 1-3 MONTHS FOR LOWER PRICED HOMES. LARGER HOMES TYPICALLY TAKE UP TO 4-6 MONTHS TO SELL. RECENT PUBLISHED REPORTS INDICATE VALUES FOR THIS AREA APPEAR TO BE INCREASING. CURRENT INTEREST RATES ARE 6-7%. POINTS MAY VARY AT 1-2%.

Project information for PUDs (if applicable) - Is the developer/builder in control of the Home Owners' Association (HOA)? Yes No NA
 Approximate total number of units in the subject project: NA Approximate total number of units for sale in the subject project: NA
 Describe common elements and recreational facilities: NA

Dimensions: RECTANGULAR Topography: FLAT TO ROLLING HILLS
 Site area: .10 ACRES Corner Lot: Yes No Size: 4545 SF
 Specific zoning classification and description: SFR Shape: RECTANGULAR
 Zoning compliance: Legal Legal nonconforming (Grandfathered use) Illegal No zoning Drainage: ADEQUATE
 Highest & best use as improved: Present use Other use (explain) View: LIMITED
 Utilities: Public Other Off-site improvements Type Public Private Landscaping: AVERAGE
 Electricity: Street: ASPHALT / TYPICAL Driveway Surface: PAVERS
 Gas: Curb/gutter: YES / TYPICAL Apparent easements: PUBLIC UTILITIES
 Water: Sidewalk: YES / TYPICAL FEMA Special Flood Hazard Area: Yes No
 Sanitary sewer: Street lights: NO / TYPICAL FEMA Zone: X Map Date: 2/18/2004
 Storm sewer: Alley: NONE / TYPICAL FEMA Map No.: 06059C0538H

Comments (apparent adverse easements, encroachments, special assessments, slide areas, illegal or legal nonconforming zoning use, etc.):
 ADVERSE EASEMENTS. NO ENCROACHMENT OR SLIDE AREAS WERE NOTICED UPON INSPECTION. ACCESS TO SUBJECT PROPERTY IS FROM IMPROVED STREET.

GENERAL DESCRIPTION	EXTERIOR DESCRIPTION		FOUNDATION		BASEMENT		INSULATION	
No. of Units: 1	Foundation: CONCRETE	Slab: YES	Area Sq. Ft.:	Roof:				
No. of Stories: ONE	Exterior Walls: WD / STUCCO	Crawl Space: NONE	% Finished: NA	Ceiling: UNKNW				
Type (Det./Att.): ATTACHED	Roof Surface: COMPOSITION	Basement: NONE	Coiling: NA	Walls: UNKNW				
Design (Style): 1 STORY AVF	Gutters & Downspouts: NO	Sump Pump: NONE	Walls: NA	Floor: UNKNW				
Existing/Proposed: EXISTING	Window Type: ALUM / SLDR	Dampness: NONE APPARENT	Floor: NA	None: UNKNW				
Age (Yrs.): 1953	Storm Screens: NO	Settlement: NONE APPARENT	Outside Entry: NA	Unknown: UNKNW				
Effective Age (Yrs.): 25	Manufactured House: NO	Infestation: NONE APPARENT		ADEQUATE				

ROOMS	Foyer	Living	Dining	Kitchen	Den	Family Rm.	Rec. Rm.	Bedrooms	# Baths	Laundry	Other	Area Sq. Ft.
Basement												
Level 1		1	1	1				2	1			1,088
Level 2												

Finished area above grade contains: 5 Rooms, 2 Bedroom(s), 1 Bath(s), 1,088 Square Feet of Gross Living Area

INTERIOR	Materials/Condition	HEATING	YES	KITCHEN EQUIP.	ATTIC	AMENITIES	CAR STORAGE: 2 GAR ATT
Floors: TILE / AVERAGE	Type: FAU	Refrigerator: <input type="checkbox"/>	None: <input type="checkbox"/>	Fireplace(s) # 1: <input checked="" type="checkbox"/>	None: <input type="checkbox"/>		
Walls: DRYWALL / AVG	Fuel: GAS	Range/Oven: <input checked="" type="checkbox"/>	Stairs: <input type="checkbox"/>	Patio: CONCRETE: <input type="checkbox"/>	None: <input type="checkbox"/>		
Trim/Finish: WOOD / AVG	Condition: AVG	Disposal: <input checked="" type="checkbox"/>	Drop Stair: <input type="checkbox"/>	Deck: <input type="checkbox"/>	Attached: <input type="checkbox"/>		# of cars: 2 CAR ATT
Bath Floor: TILE/AVERAGE	COOLING: NA	Dishwasher: <input type="checkbox"/>	Scuttle: <input checked="" type="checkbox"/>	Porch: <input type="checkbox"/>	Detached: <input type="checkbox"/>		
Bath Wainscot: ENAMEL / AVG	Central: NA	Fan/Hood: <input checked="" type="checkbox"/>	Floor: <input type="checkbox"/>	Fence: WOOD: <input checked="" type="checkbox"/>	Built-in: <input type="checkbox"/>		
Doors: METAL ENTRY/AVG	Other: NA	Microwave: <input type="checkbox"/>	Heated: <input type="checkbox"/>	Pool: <input type="checkbox"/>	Carport: <input type="checkbox"/>		
INT WD / AVERAGE	Condition: NONE	Washer/Dryer: <input type="checkbox"/>	Finished: <input type="checkbox"/>	Driveway: PAVERS			

Additional features (special energy efficient items, etc.): WINDOWS / FIREPLACE

Condition of the improvements, depreciation (physical, functional, and external), repairs needed, quality of construction, remodeling/additions, etc.: NO NEEDED
 REPAIRS NOTED: AVERAGE QUALITY CONSTRUCTION. NO FUNCTIONAL OR EXTERNAL OBSOLESCENCE NOTED.

Adverse environmental conditions (such as, but not limited to, hazardous wastes, toxic substances, etc.) present in the improvements, on the site, or in the immediate vicinity of the subject property: NONE APPARENT UPON INSPECTION.

UNIFORM SINGLE SUBJECT APPRAISAL REPORT Desc Exhibit B (part 1) Page 65 of 100

ESTIMATED SITE VALUE = 670,000		Comments on Cost Approach (such as, source of cost, sale, site value, square foot calculation and for HUD, VA and FmHA, the estimated remaining economic life of the property): MARSHALL AND SWIFTS RESIDENTIAL HANDBOOK WAS USED TO ESTIMATE THE REPLACEMENT COST NEW. THE AGE/LIFE METHOD WAS USED FOR DEPRECIATION REGARDING THE EFFECTIVE AGE.		
ESTIMATED REPRODUCTION COST-NEW OF IMPROVEMENTS:		LAND SALES		
Dwelling	1,088 Sq. Ft. @ \$ 150.00 = \$ 163,200	THE ABSTRACT METHOD WAS USED TO DETERMINE THE LAND VALUE AS COMPARABLE LOT SALES WERE NOT AVAILABLE IN THIS AREA DUE TO THE LARGE DEVELOPMENT OF NEW SUB-DIVISIONS, THE REMAINING ECONOMIC LIFE OF THE SUBJECT PROPERTY IS 40 YEARS.		
	Sq. Ft. @ \$ =			
Garage/Carport	460 Sq. Ft. @ \$ 50.00 = 23,000			
Total Estimated Cost New	= \$ 186,200			
Less:	Physical Functional External			
Depreciation	55,860 = \$ 55,860			
Depreciated Value of Improvements	= \$ 130,340			
*As-is Value of Site Improvements	LANDSCAPING, ETC = \$ 25,000			
INDICATED VALUE BY COST APPROACH	= \$ 825,340			
ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Address:	107 AVENIDA SAN DIMAS SAN CLEMENTE, CA	254 AVENIDA PALIZADA SAN CLEMENTE, CA	206 W AVE DE LOS LOBOS MARI SAN CLEMENTE, CA	174 WEST AVENIDA JUNIPERO SAN CLEMENTE, CA
Proximity to Subject		1.30 miles	1.05 miles	0.77 miles
Sales Price	RE-FI	\$ 825,000	\$ 600,000	\$ 775,000
Price/Gross Living Area		\$ 727.51	\$ 793.65	\$ 727.02
Data and/or Verification Source	PERSONAL INSPECTION	MLS/PERS INSPEC/REAL QUEST DOC # 0411825	MLS/PERS INSPEC/REAL QUEST DOC # 0376037	MLS/PERS INSPEC/REAL QUEST DOC # 0191274
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION +/- \$ Adjust.	DESCRIPTION +/- \$ Adjust.	DESCRIPTION +/- \$ Adjust.
Sales or Financing Concessions		CONVENTIONAL NONE NOTED	CONVENTIONAL NONE NOTED	CONVENTIONAL NONE NOTED
Date of Sale/Time		06/01/05 COE	05/17/05 COE	03/14/05 COE
Location	AVERAGE	AVERAGE	AVERAGE	AVERAGE
Leasehold/Fee Simple	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE
Site	10 ACRES	14 ACRES	06 ACRES	06 ACRES
View	LIMITED	LIMITED	LIMITED	LIMITED
Design and Appeal	1-STORY/AVG	2-STORY/AVG	1-STORY/AVG	1-STORY/AVG
Quality of Construction	AVERAGE	AVERAGE	AVERAGE	AVERAGE
Age	1953 / EFF 18	1958 / EFF 20	1971 / EFF 15	1963 / EFF 18
Condition	AVERAGE	AVERAGE	AVERAGE	AVERAGE
Above Grade Room Count	Total Bdrms: Baths 5 2 1	Total Bdrms: Baths 5 2 2	Total Bdrms: Baths 5 2 2	Total Bdrms: Baths 4 2 1
Gross Living Area	1,088 Sq. Ft.	1,134 Sq. Ft.	1,008 Sq. Ft.	1,066 Sq. Ft.
Basement & Finished Rooms Below Grade	NONE	NONE	NONE	NONE
Functional Utility	AVERAGE	AVERAGE	AVERAGE	AVERAGE
Heating/Cooling	FAU/ NONE	FAU/ NONE	FAU/ NONE	FAU/ NONE
Energy Efficient Items	WINDOWS/FP	FP/ WINDOWS	FP/ WINDOWS	FP/ WINDOWS
Garage/Carport	2 GAR ATT	1 GAR / ATT +3,000	2 GAR / DET	1 GAR / ATT +3,000
Porch, Patio, Deck, Fireplace(s), etc.	NONE	SIMILAR	SIMILAR	SIMILAR
Fence, Pool, etc.	1-FIREPLACE	1-FIREPLACE	1-FIREPLACE	1-FIREPLACE
LANDSCAPE/HARD	NO POOL /SPA	NO POOL /SPA	NO POOL /SPA	NO POOL /SPA
Net Adj. (total)	AVERAGE	AVERAGE	AVERAGE	AVERAGE
Adjusted Sales Price of Comparable		Net 0.4 % Gross 0.7 % \$ 825,000	Net 0.4 % Gross 0.4 % \$ 797,000	Net 0.4 % Gross 0.4 % \$ 778,000
Comments on Sales Comparison (including the subject property's compatibility to the neighborhood, etc.): THE DATA USED IS THE MOST RECENT AND VERIFIABLE COMPARABLE SALES TO THE SUBJECT. IT IS THIS APPRAISERS CONSIDERED OPINION THAT \$30.00 A SQUARE FOOT IS ADEQUATE FOR ANY GROSS LIVING AREA DIFFERENCES. ALSO AN ADJUSTMENT OF \$3,000 FOR A BEDROOM, FIREPLACE AND GARAGE SPACE DIFFERENCES. \$ 2.00 /SF WAS USED FOR DIFFERENCES FOR SITE AREAS. FMNA GUIDELINES OF 15% NET AND 25% GROSS ADJUSTMENTS WERE ADHERED TO. IT WAS POSSIBLE TO BRACKET THE SUBJECTS SQUARE FOOTAGE. ALL OTHER ADJUSTMENTS WERE MADE ACCORDINGLY.				
ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Date, Price and Data Source, for prior sales within year of appraisal	NO PRIOR SALES IN THE LAST 36 MONTHS	NO PRIOR SALES FOUND FOR WITHIN THE LAST 12 MONTHS	NO PRIOR SALES FOUND FOR WITHIN THE LAST 12 MONTHS	NO PRIOR SALES FOUND FOR WITHIN THE LAST 12 MONTHS
Analysis of any current agreement of sale, option, or listing of subject property and analysis of any prior sales of subject and comparables within one year of the date of appraisal. ACCORDING TO PUBLIC RECORDS, THE SUBJECT PROPERTY HAS NOT BEEN LISTED OR OFFERED FOR SALE WITHIN THE PAST 12 MONTHS.				
INDICATED VALUE BY SALES COMPARISON APPROACH		\$ 825,000		
INDICATED VALUE BY INCOME APPROACH (if Applicable)		Estimated Market Rent	/Mo. x Gross Rent Multiplier	= \$
This appraisal is made <input checked="" type="checkbox"/> "as is" <input type="checkbox"/> subject to the repairs, alterations, inspections or conditions listed below <input type="checkbox"/> subject to completion per plans & specifications.				
Conditions of Appraisal: NONE				
Final Reconciliation: THE DIRECT COMPARISON APPROACH IS CONSIDERED TO BE THE BEST INDICATOR OF VALUE AS IT REFLECTS THE ACTIONS OF BOTH BUYERS AND SELLERS OF THE MARKET. MOST EMPHASIS IS PLACED ON THE ADJUSTED SALES PRICE OF COMPARABLE #1 WITH STRONG SUPPORT FROM SALES #2, #3, #4, AND FROM THE INDICATED VALUE OF THE COST APPROACH.				
The purpose of this appraisal is to estimate the market value of the real property that is the subject of this report, based on the above conditions and the certification, contingent and limiting conditions, and market value definition that are stated in the attached Freddie Mac Form 439/PRIMA form 1004B (Revised _____).				
(WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT, AS OF 07/18/05 (WHICH IS THE DATE OF INSPECTION AND THE EFFECTIVE DATE OF THIS REPORT) TO BE \$ 825,000				
APPRaiser:		SUPERVISORY APPRAISER (ONLY IF REQUIRED):		
Signature: <i>R. Watkins</i>		Signature: _____ <input type="checkbox"/> Did <input type="checkbox"/> Did Not Inspect Property		
Name: RAUPLA WATKINS		Name: _____		
Date Report Signed: 07/18/05		Date Report Signed: _____		
State Certification #: _____		State Certification #: _____		
Or State License #: AL 035424		Or State License #: _____		

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he considers his own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

* Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF LIMITING CONDITIONS AND APPRAISER'S CERTIFICATION

CONTINGENT AND LIMITING CONDITIONS: The appraiser's certification that appears in the appraisal report is subject to the following conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership.
2. The appraiser has provided a sketch in the appraisal report to show approximate dimensions of the improvements and the sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's determination of its size.
3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in the appraisal report whether the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.
5. The appraiser has estimated the value of the land in the cost approach at its highest and best use and the improvements at their contributory value. These separate valuations of the land and improvements must not be used in conjunction with any other appraisal and are invalid if they are so used.
6. The appraiser has noted in the appraisal report any adverse conditions (such as, needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.
7. The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.
8. The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.
9. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that completion of the improvements will be performed in a workmanlike manner.
10. The appraiser must provide his or her prior written consent before the lender/client specified in the appraisal report can distribute the appraisal report (including conclusions about the property value, the appraiser's identity and professional designations, and references to any professional appraisal organizations or the firm with which the appraiser is associated) to anyone other than the borrower, the mortgagee or its successors and assigns, the mortgage insurer, consultants, professional appraisal organizations, any state or federally approved financial institution, or any department, agency, or instrumentality of the United States or any state or the District of Columbia, except that the lender/client may distribute the property description section of the report only to data collection or reporting service(s) without having to obtain the appraiser's prior written consent. The appraiser's written consent and approval must also be obtained before the appraisal can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have researched the subject market area and have selected a minimum of three recent sales of properties most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.
2. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
4. I have no present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.
5. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
6. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.
7. I performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.
8. I have personally inspected the interior and exterior areas of the subject property and the exterior of all properties listed as comparables in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware and have made adjustments for these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them. I have also commented about the effect of the adverse conditions on the marketability of the subject property.
9. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. If I relied on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the appraisal report, I have named such individual(s) and disclosed the specific tasks performed by them in the reconciliation section of this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in the report; therefore, if an unauthorized change is made to the appraisal report, I will take no responsibility for it.

SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraisal report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 4 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

ADDRESS OF PROPERTY APPRAISED: 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CA 92672-3422

APPRAISER:

Signature: *Ralph A. Watkins*
 Name: RALPH A. WATKINS
 Date Signed: 07/18/05
 State Certification #: _____
 or State License #: AL 035424
 State: CA
 Expiration Date of Certification or License: 10/19/2006

SUPERVISORY APPRAISER (only if required):

Signature: _____
 Name: _____
 Date Signed: _____
 State Certification #: _____
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____

Did Did Not Inspect Property

**MULTI-PURPOSE SUPPLEMENTAL ADDENDUM
FOR FEDERALLY RELATED TRANSACTIONS**

CAL-PAC PROPERTIES

Borrower/Client PAUL DANIEL & LESLIE BENNETT			
Property Address 107 AVENIDA SAN DIMAS			
City SAN CLEMENTE	County ORANGE	State CA	Zip Code 92672-3422
Lender MC FUNDING			

This Multi-Purpose Supplemental Addendum for Federally Related Transactions was designed to provide the appraiser with a convenient way to comply with the current appraisal standards and requirements of the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of Currency (OCC), the Office of Thrift Supervision (OTS), the Resolution Trust Corporation (RTC), and the Federal Reserve.

This Multi-Purpose Supplemental Addendum is for use with any appraisal. Only those statements which have been checked by the appraiser apply to the property being appraised.

PURPOSE & FUNCTION OF APPRAISAL

The purpose of the appraisal is to estimate the market value of the subject property as defined herein. The function of the appraisal is to assist the above-named Lender in evaluating the subject property for lending purposes. This is a federally related transaction.

EXTENT OF APPRAISAL PROCESS

- The appraisal is based on the information gathered by the appraiser from public records, other identified sources, inspection of the subject property and neighborhood, and selection of comparable sales within the subject market area. The original source of the comparables is shown in the Data Source section of the market grid along with the source of confirmation, if available. The original source is presented first. The sources and data are considered reliable. When conflicting information was provided, the source deemed most reliable has been used. Data believed to be unreliable was not included in the report nor used as a basis for the value conclusion.
- The Reproduction Cost is based on MARSHALL AND SWIFTS RESIDENTIAL HANDBOOK supplemented by the appraiser's knowledge of the local market.
- Physical depreciation is based on the estimated effective age of the subject property. Functional and/or external depreciation, if present, is specifically addressed in the appraisal report or other addenda. In estimating the site value, the appraiser has relied on personal knowledge of the local market. This knowledge is based on prior and/or current analysis of site sales and/or abstraction of site values from sales of improved properties.
- The subject property is located in an area of primarily owner-occupied single family residences and the Income Approach is not considered to be meaningful. For this reason, the Income Approach was not used.
- The Estimated Market Rent and Gross Rent Multiplier utilized in the Income Approach are based on the appraiser's knowledge of the subject market area. The rental knowledge is based on prior and/or current rental rate surveys of residential properties. The Gross Rent Multiplier is based on prior and/or current analysis of prices and market rates for residential properties.
- For income producing properties, actual rents, vacancies and expenses have been reported and analyzed. They have been used to project future rents, vacancies and expenses.

SUBJECT PROPERTY OFFERING INFORMATION

- According to MLS & PUBLIC RECORDS the subject property:
- has not been offered for sale in the past: 30 days 1 year 3 years.
 - is currently offered for sale for \$ _____
 - was offered for sale within the past: 30 days 1 year 3 years for \$ _____
 - Offering information was considered in the final reconciliation of value.
 - Offering information was not considered in the final reconciliation of value.
 - Offering information was not available. The reasons for unavailability and the steps taken by the appraiser are explained later in this addendum.

SALES HISTORY OF SUBJECT PROPERTY

- According to PUBLIC RECORDS the subject property:
- Has not transferred in the past twelve months. in the past thirty-six months. in the past 5 years.
 - Has transferred in the past twelve months. in the past thirty-six months. in the past 5 years.
 - All prior sales which have occurred in the past 3 years are listed below and reconciled to the appraised value, either in the body of the report or in the addenda.

Date	Sales Price	Document #	Seller	Buyer

FEMA FLOOD HAZARD DATA

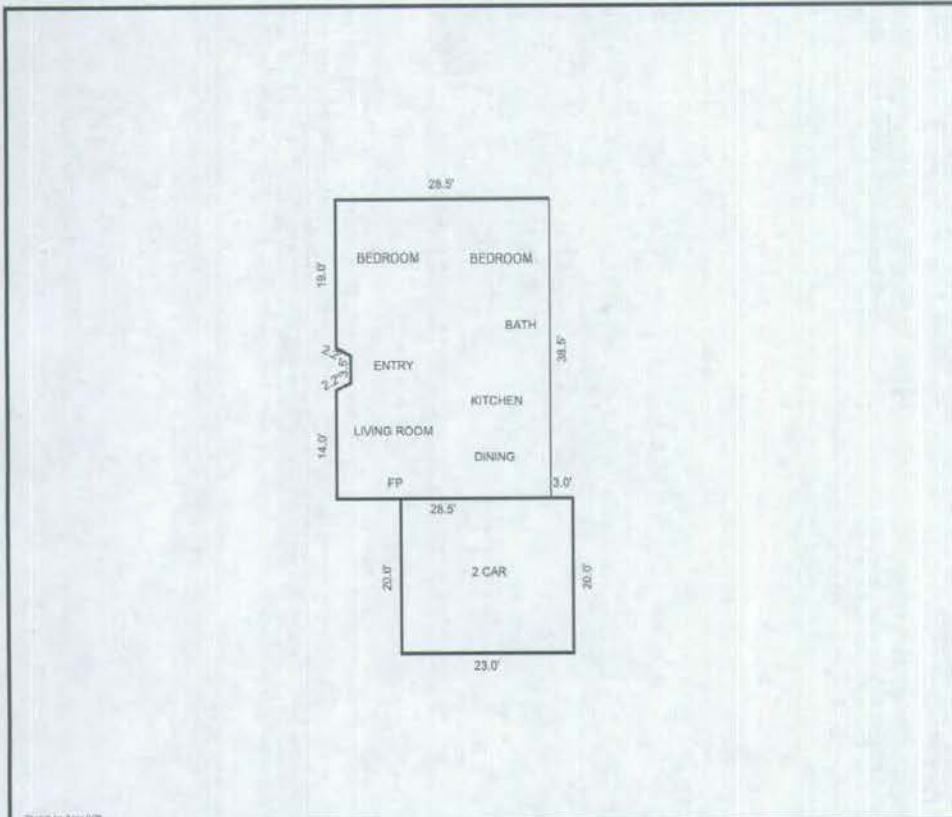
- Subject property is not located in a FEMA Special Flood Hazard Area.
- Subject property is located in a FEMA Special Flood Hazard Area.

Zone	FEMA Map/Panel #	Map Date	Name of Community
X	06059C0528H	2/18/2004	SAN CLEMENTE, CA

- The community does not participate in the National Flood Insurance Program.
- The community does participate in the National Flood Insurance Program.
- It is covered by a regular program.
- It is covered by an emergency program.

<input checked="" type="checkbox"/> CURRENT SALES CONTRACT									
<input checked="" type="checkbox"/> The subject property is currently not under contract. <input type="checkbox"/> *The contract and/or escrow instructions were not available for review. The unavailability of the contract is explained later in the addenda section. <input type="checkbox"/> The contract and/or escrow instructions were reviewed. The following summarizes the contract:									
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Contract Date</th> <th style="text-align: left;">Amendment Date</th> <th style="text-align: left;">Contract Price</th> <th style="text-align: left;">Seller</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Contract Date	Amendment Date	Contract Price	Seller				
Contract Date	Amendment Date	Contract Price	Seller						
<input type="checkbox"/> The contract indicated that personal property was not included in the sale. <input type="checkbox"/> The contract indicated that personal property was included. It consisted of _____ Estimated contributory value is \$ _____									
<input checked="" type="checkbox"/> Personal property was not included in the final value estimate. <input type="checkbox"/> Personal property was included in the final value estimate. <input type="checkbox"/> The contract indicated no financing concessions or other incentives. <input type="checkbox"/> The contract indicated the following concessions or incentives: _____									
<input type="checkbox"/> If concessions or incentives exist, the comparables were checked for similar concessions and appropriate adjustments were made, if applicable, so that the final value conclusion is in compliance with the Market Value defined herein.									
<input checked="" type="checkbox"/> MARKET OVERVIEW Include an explanation of current market conditions and trends.									
2-4 months is considered a reasonable marketing period for the subject property based on <u>MARKET ANALYSIS</u>									
<input checked="" type="checkbox"/> ADDITIONAL CERTIFICATION									
The Appraiser certifies and agrees that:									
(1) The analyses, opinions and conclusions were developed, and this report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practice ("USPAP"), except that the Departure Provision of the USPAP does not apply. (2) Their compensation is not contingent upon the reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. (3) This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.									
<input checked="" type="checkbox"/> ADDITIONAL (ENVIRONMENTAL) LIMITING CONDITIONS									
The value estimated is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions unless otherwise stated in this report. The appraiser is not an expert in the identification of hazardous substances or detrimental environmental conditions. The appraiser's routine inspection of and inquiries about the subject property did not develop any information that indicated any apparent significant hazardous substances or detrimental environmental conditions which would affect the property negatively unless otherwise stated in this report. It is possible that tests and inspections made by a qualified hazardous substance and environmental expert would reveal the existence of hazardous substances or detrimental environmental conditions on or around the property that would negatively affect its value.									
<input checked="" type="checkbox"/> ADDITIONAL COMMENTS									
NONE									
<input checked="" type="checkbox"/> APPRAISER'S SIGNATURE & LICENSE/CERTIFICATION									
Appraiser's Signature <u>Ralph A. Watkins</u> Effective Date <u>07/18/05</u> Date Prepared <u>07/18/05</u> Appraiser's Name (print) <u>RALPH A. WATKINS</u> Phone # <u>951-696-6965</u> State <u>CA</u> <input checked="" type="checkbox"/> License <input type="checkbox"/> Certification # <u>AL 035424</u> Tax ID # _____									
<input type="checkbox"/> CO-SIGNING APPRAISER'S CERTIFICATION									
<input type="checkbox"/> The co-signing appraiser has personally inspected the subject property, both inside and out, and has made an exterior inspection of all comparable sales listed in the report. The report was prepared by the appraiser under direct supervision of the co-signing appraiser. The co-signing appraiser accepts responsibility for the contents of the report including the value conclusions and the limiting conditions, and confirms that the certifications apply fully to the co-signing appraiser. <input type="checkbox"/> The co-signing appraiser has not personally inspected the interior of the subject property and: <input type="checkbox"/> has not inspected the exterior of the subject property and all comparable sales listed in the report. <input type="checkbox"/> has inspected the exterior of the subject property and all comparable sales listed in the report. <input type="checkbox"/> The report was prepared by the appraiser under direct supervision of the co-signing appraiser. The co-signing appraiser accepts responsibility for the contents of the report, including the value conclusions and the limiting conditions, and confirms that the certifications apply fully to the co-signing appraiser with the exception of the certification regarding physical inspections. The above describes the level of inspection performed by the co-signing appraiser. <input type="checkbox"/> The co-signing appraiser's level of inspection, involvement in the appraisal process and certification are covered elsewhere in the addenda section of this appraisal.									
<input type="checkbox"/> CO-SIGNING APPRAISER'S SIGNATURE & LICENSE/CERTIFICATION									
Co-Signing Appraiser's Signature _____ Effective Date _____ Date Prepared _____ Co-Signing Appraiser's Name (print) _____ Phone # _____ State _____ <input type="checkbox"/> License <input type="checkbox"/> Certification # _____ Tax ID # _____									

Borrower/Client PAUL DANIEL & LESLIE BENNETT				
Property Address 107 AVENIDA SAN DIMAS				
City SAN CLEMENTE	County ORANGE	State CA	Zip Code 92672-3422	
Lender M/G FUNDING				



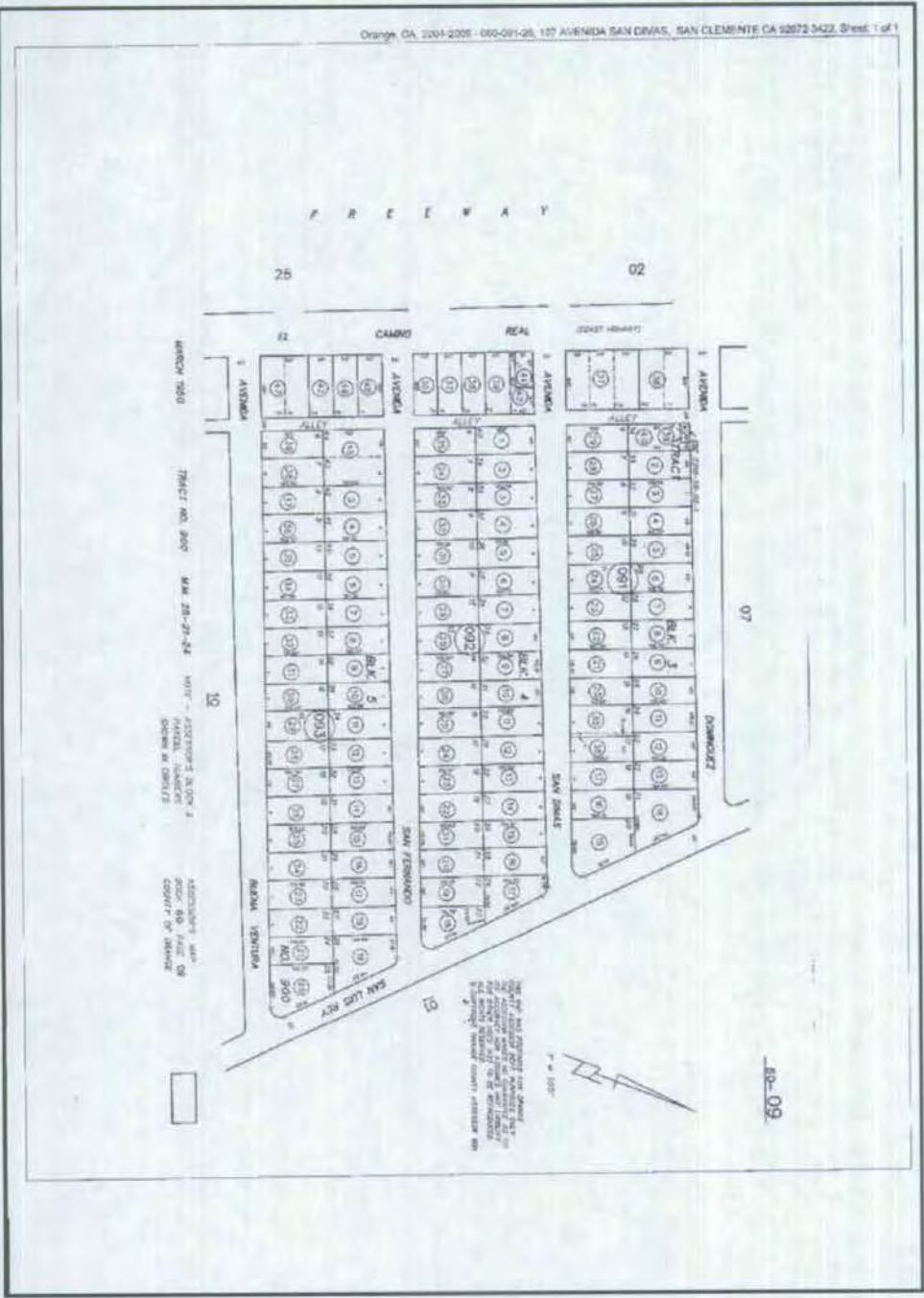
Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Size	Net Totals
GLA1	First Floor	1088.25	1088.25
GAR	Garage	460.00	460.00
TOTAL LIVABLE (rounded)		1088	

LIVING AREA BREAKDOWN			
Breakdown			Subtotals
First Floor			
0.5 x	2.0 x	1.0	1.00
0.5 x	2.0 x	1.0	1.00
	5.5 x	26.5	145.75
	19.0 x	28.5	541.50
	14.0 x	28.5	399.00
5 Calculations Total (rounded)			1088

Form SKT.BldSkt — "TOTAL for Windows" appraisal software by a la mode, inc. — 1-800-ALAMODE

Borrower/Client PAUL DANIEL & LESLIE BENNETT				
Property Address 107 AVENIDA SAN DIMAS				
City	SAN CLEMENTE	County	ORANGE	State CA Zip Code 92672-3422
Lender MG FUNDING				



Form MAP.LDC — "TOTAL for Windows" appraisal software by a la mode, inc. — 1-800-ALAMODE

Borrower/Client	PAUL DANIEL & LESLIE BENNETT						
Property Address	107 AVENIDA SAN DIMAS						
City	SAN CLEMENTE	County	ORANGE	State	CA	Zip Code	92672-3422
Lender	MC FUNDING						



Form MAP.LGC — "TOTAL for Windows" appraisal software by a la mode, inc. — 1-800-ALAMODE

Borrower/Client	PAUL DANIEL & LESLIE BENNETT				
Property Address	107 AVENIDA SAN DIMAS				
City	SAN CLEMENTE	County	ORANGE	State	CA
Zip Code	92672-3422				
Lender	MC FUNDING				



Subject Front

107 AVENIDA SAN DIMAS
Sales Price RE-FI
Gross Living Area 1,088
Total Rooms 5
Total Bedrooms 2
Total Bathrooms 1
Location AVERAGE
View LIMITED
Site .10 ACRES
Quality AVERAGE
Age 1953 / EFF 18



Subject Rear



Subject Street

Form PIC365.SR — "TOTAL for Windows" appraisal software by a la mode, inc. — 1-800-ALAMODE

Borrower/Client	PAUL DANIEL & LESLIE BENNETT				
Property Address	107 AVENIDA SAN DIMAS				
City	SAN CLEMENTE	County	ORANGE	State	CA
Lender	MC FUNDING				
				Zip Code	92672-3422



SUBJECT KITCHEN



SUBJECT LIVING ROOM / FIREPLACE



SUBJECT BATH

Form GPIC3X5 — "TOTAL for Windows" appraisal software by a la mode, inc. — 1-800-ALAMODE

Borrower/Client	PAUL DANIEL & LESLIE BENNETT		
Property Address	107 AVENIDA SAN DIMAS		
City	SAN CLEMENTE	County	ORANGE
		State	CA
		Zip Code	92672-3422
Lender	MC FUNDING		



Comparable 1

254 AVENIDA PALIZADA
 Prox. to Subject 1.30 miles
 Sale Price 825,000
 Gross Living Area 1,134
 Total Rooms 5
 Total Bedrooms 2
 Total Bathrooms 2
 Location AVERAGE
 View LIMITED
 Site 14 ACRES
 Quality AVERAGE
 Age 1958 / EFF 20



Comparable 2

206 W.AVE DE LOS LOBOS MARI
 Prox. to Subject 1.05 miles
 Sale Price 800,000
 Gross Living Area 1,008
 Total Rooms 5
 Total Bedrooms 2
 Total Bathrooms 2
 Location AVERAGE
 View LIMITED
 Site .08 ACRES
 Quality AVERAGE
 Age 1971 / EFF 20



Comparable 3

174 WEST AVENIDA JUNIPERO
 Prox. to Subject 0.77 miles
 Sale Price 775,000
 Gross Living Area 1,066
 Total Rooms 4
 Total Bedrooms 2
 Total Bathrooms 1
 Location AVERAGE
 View LIMITED
 Site .06 ACRES
 Quality AVERAGE
 Age 1963 / EFF 18

Form PIC3x5.CR --- "TOTAL for Windows" appraisal software by a la mode, inc. --- 1-800-ALAMODE

Borrower/Client	PAUL DANIEL & LESLIE BENNETT			File No.	BENNETT
Property Address	107 AVENIDA SAN DIMAS				
City	SAN CLEMENTE	County	ORANGE	State	CA
Zip Code	92672-3422				
Lender	MC FUNDING				

TABLE OF CONTENTS



Invoice	1
USPAP Identification	2
Summary of Salient Features	3
URAR	4
Statement of Limiting Conditions	6
Multipurpose Supplemental Addendum	8
Building Sketch (Page - 1)	10
Plat Map	11
Location Map	12
Subject Photos	13
Comparable Photos 1-3	14

Form TOCP — "TOTAL for Windows" appraisal software by a la mode, inc. — 1-800-ALAMODE

Broker: PAUL DANIEL & LESLIE BENNETT			
Property Address: 107 AVENIDA SAN DIMAS			
City: SAN CLEMENTE	County: ORANGE	State: CA	Zip Code: 92672-3422
Under: MC FUNDING			

APPRAISAL AND REPORT IDENTIFICATION

This appraisal conforms to one of the following definitions:

- Complete Appraisal (The act or process of estimating value, or an opinion of value, performed without invoking the Departure Rule.)
- Limited Appraisal (The act or process of estimating value, or an opinion of value, performed under and resulting from invoking the Departure Rule.)

This report is one of the following types:

- Self Contained (A written report prepared under Standards Rule 2-2(a) of a Complete or Limited Appraisal performed under STANDARD 1.)
- Summary (A written report prepared under Standards Rule 2-2(b) of a Complete or Limited Appraisal performed under STANDARD 1.)
- Restricted (A written report prepared under Standards Rule 2-2(c) of a Complete or Limited Appraisal performed under STANDARD 1 for client use only.)

Comments on Standards Rule 2-3

I certify that, to the best of my knowledge and belief:

The statements of fact contained in this report are true and correct.
 The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
 I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
 I have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.
 My engagement in this assignment was not contingent upon developing or reporting predetermined results.
 My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
 My analyses, opinions and conclusions were developed and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
 I have made a personal inspection of the property that is the subject of this report.
 No one provided significant real property appraisal assistance to the person signing this certification, except for Karen Watkins, Ralph Watkins, RJ Casey, Marissa Flains and/or CAL-PAC Properties of staff.

Comments on Appraisal and Report Identification

Note any departures from Standards Rules 1-2, 1-3, 1-4, plus any USPAP-related issues requiring disclosure:

The purpose of this appraisal is to determine the market value of the appraised property. The intended use is to assist the appraiser's client in making a lending decision using the appraised property as collateral. Due to a potential negative credit history, the Lenders conditions and requirements, and/or the Lenders appraisers exclusionary list or panels, this appraiser does not guarantee this appraisal report will result in satisfactory funding for the borrower. The user of this report is responsible and therefore should use their own discretion when selecting a Lending source of their choice. The user of this report is

MC FUNDING

This report is intended for the sole use of the appraiser's client. No other use by another entity or user is intended. Anyone who relies on information from this report without permission from the appraiser and not in its entirety does so at their own risk.

The appraiser used Public Records, Agents, Dataquick, RealQuest, NDC, Multiple Listing Services and Title companies in preparing this report. This information is deemed reliable, but not guaranteed. The appraiser did not personally interview the owners of the comparable sales used in this report. It is assumed they acted prudently and in their best interest.

This report is computer generated. An electronic (digital) signature may have been used in this report. If so, precautions have been made through software encryption to protect the integrity of the appraiser's signature, which securely authorizes the utilization of the electronic signature. Affixing an electronic signature to the report carries the same level of authenticity and responsibility as a handwritten signature on a paper copy report.

APPRAISER:

Signature: *Ralph Watkins*
 Name: RALPH A. WATKINS
 Date Signed: 07/18/05
 State Certification #: _____
 or State License #: AL 035424
 State: CA
 Expiration Date of Certification or License: 10/19/2006

SUPERVISORY APPRAISER (only if required):

Signature: _____
 Name: _____
 Date Signed: _____
 State Certification #: _____
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____

- Did
- Did Not Inspect Property

SUMMARY OF SALIENT FEATURES

SUBJECT INFORMATION	Subject Address	107 AVENIDA SAN DIMAS
	Legal Description	N TR 900 BLK 3 LOT 9
	City	SAN CLEMENTE
	County	ORANGE
	State	CA
	Zip Code	92672-3422
	Census Tract	0421.14
	Map Reference	921/C3
SALES PRICE	Sale Price	\$ RE-FI
	Date of Sale	NA
CLIENT	Borrower / Client	PAUL DANIEL & LESLIE BENNETT
	Lender	MC FUNDING
DESCRIPTION OF IMPROVEMENTS	Size (Square Feet)	1,088
	Price per Square Foot	\$
	Location	AVERAGE
	Age	1953 / EFF 18
	Condition	AVERAGE
	Total Rooms	5
	Bedrooms	2
	Baths	1
APPRAISER	Appraiser	RALPH A. WATKINS
	Date of Appraised Value	07/18/05
VALUE	Final Estimate of Value	\$ 825,000

Form SSO — "TOTAL for Windows" appraisal software by a la mode, inc. — 1-800-ALAMODE





Employment Phone Verification

Date: 07/25/2005 Branch: 110 Loan Number: 10238451

Borrower's Name: BENNETT, LESLIE Home Phone: [REDACTED] Work Phone: [REDACTED]

Job 1: Company Name: [REDACTED] Start Date: [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] Type of Business*: _____

Job 2: Company Name: _____ Start Date: _____

Contact Name: _____ Position: _____

Contact's Title: _____ Type of Business*: _____

Self Employed: Sole Prop. Corp. S Corp. Partnership

Comments: Currently employed.

Verified By: [REDACTED] Date: 07/25/2005

Co-borrower's Name: BENNETT, PAUL DANIEL Home Phone: [REDACTED] Work Phone: [REDACTED]

Job 1: Company Name: [REDACTED] [REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

Job 2: Company Name: _____ Start Date: _____

Contact Name: _____ Position: _____

Contact's Title: _____ Type of Business*: _____

Self Employed: Sole Prop. Corp. S Corp. Partnership

Comments: Currently employed.

Verified By: [REDACTED] Date: 07/25/2005

* TYPE OF BUSINESS REQUIRED IF NOT READILY APPARENT FROM APPLICATION

Page: 1 Document Name: untitled

DEPOSIT SYSTEM ACCOUNT INQUIRY	NAME & ADDRESS	18:51:59	07/20/05
ACCOUNT: 3462711640	INQUIRY: 216	SEARCH: 1	AUTHORITY: 0
NAME: BENNETT PAUL D	NOW ACCOUNT		
BRANCH: 346	N/A	TYPE: 1	MAIL CODE: 0
STATEMENT COPIES: 1			
ADDRESS: 1) PAUL D BENNETT	N/A	LAST MAINT: 07-19-05	
2) LESLIE A BENNETT	HOME PHONE: [REDACTED]		
3) 107 AVE SAN DIMAS	BUS [REDACTED]		
4) SAN CLEMENTE CA 92672-3422	TIN OWNER: 1		

Date: 7/20/2005 Time: 4:52:06 PM

BANK STATEMENTS

	DATE	DEPOSITS	LESS TRANSFERS	CREDITED DEPOSITS
1	██████	██████	██████	██████
2	██████	██████	██████	██████
3	██████	██████	██████	██████
4	██████	██████	██████	██████
5	██████	██████	██████	██████
6	██████	██████	██████	██████
7	██████	██████	██████	██████
8	██████	██████	██████	██████
9	██████	██████	██████	██████
10	██████	██████	██████	██████
11	██████	██████	██████	██████
12	██████	██████	██████	██████
13		\$0.00	\$0.00	\$0.00
14		\$0.00	\$0.00	\$0.00
15		\$0.00	\$0.00	\$0.00
16		\$0.00	\$0.00	\$0.00
17		\$0.00	\$0.00	\$0.00
18		\$0.00	\$0.00	\$0.00
19		\$0.00	\$0.00	\$0.00
20		\$0.00	\$0.00	\$0.00
21		\$0.00	\$0.00	\$0.00
22		\$0.00	\$0.00	\$0.00
23		\$0.00	\$0.00	\$0.00
24		\$0.00	\$0.00	\$0.00
		████████████████████		████████████████████
████████████████████		████████████████████		████████████████████
████████████████████		████████████████████		████████████████████
████████████████████		████████████████████		████████████████████
		INCOME		████████████████████

J.M. 7/20/05

CALIFORNIA BANK
TRUST

Statement

1 of 2

Direct inquiries to:
24 Hour Service Call, 800 400-6080

California Bank & Trust
115 Via Pico Plaza
San Clemente, CA 92672

12

Summary of Account Balance

Account	Number	Ending Balance
Clear Interest Checking		

Clear Interest Checking

Account number

12 Enclosures

Number	Date	Amount	Number	Date	Amount
--------	------	--------	--------	------	--------

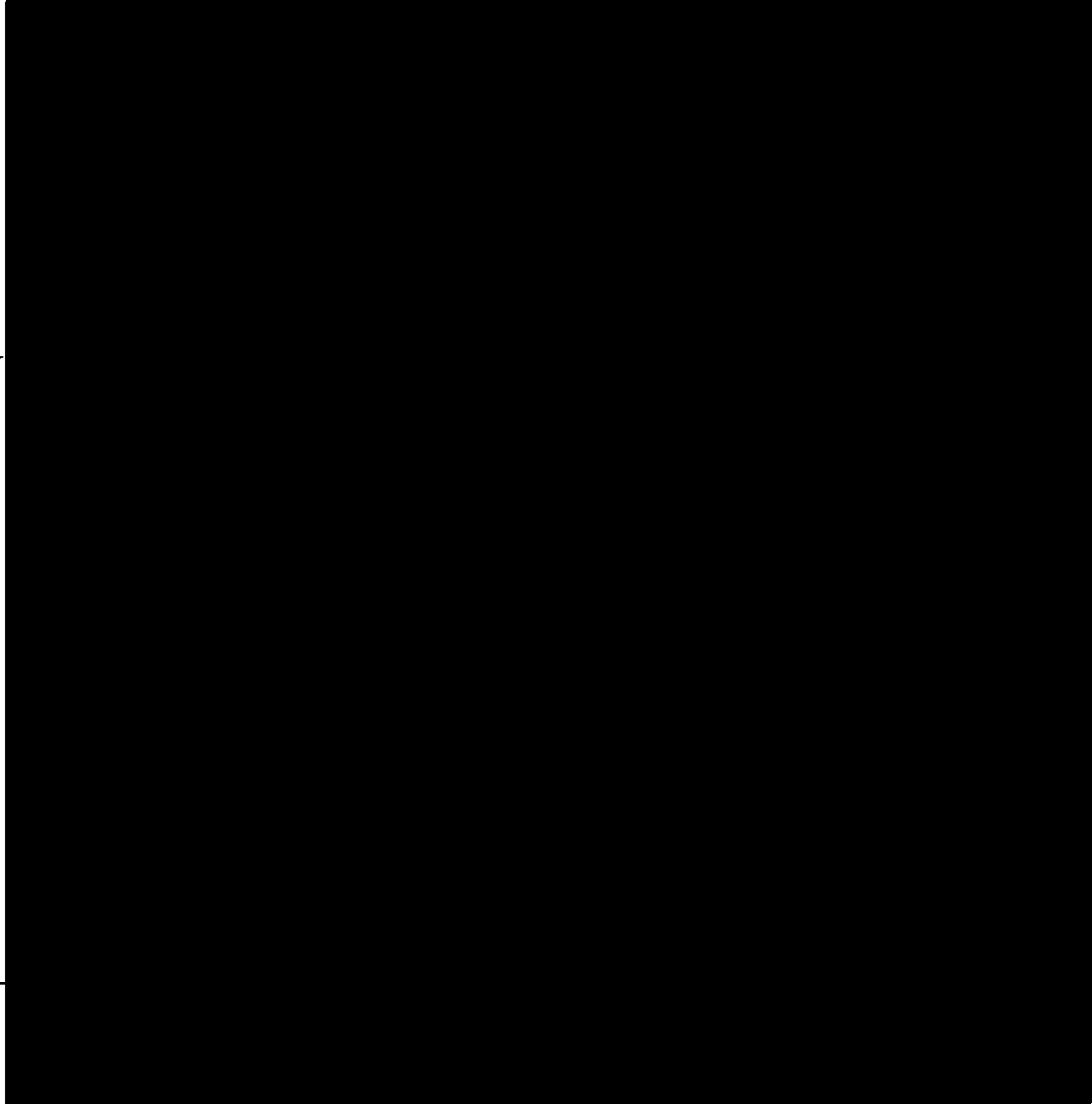
[Redacted]					
------------	--	--	--	--	--



Member FDIC

CALIFORNIA BANK
TRUST

June 22, 2005



Member FDIC

CALIFORNIA BANK
TRUST



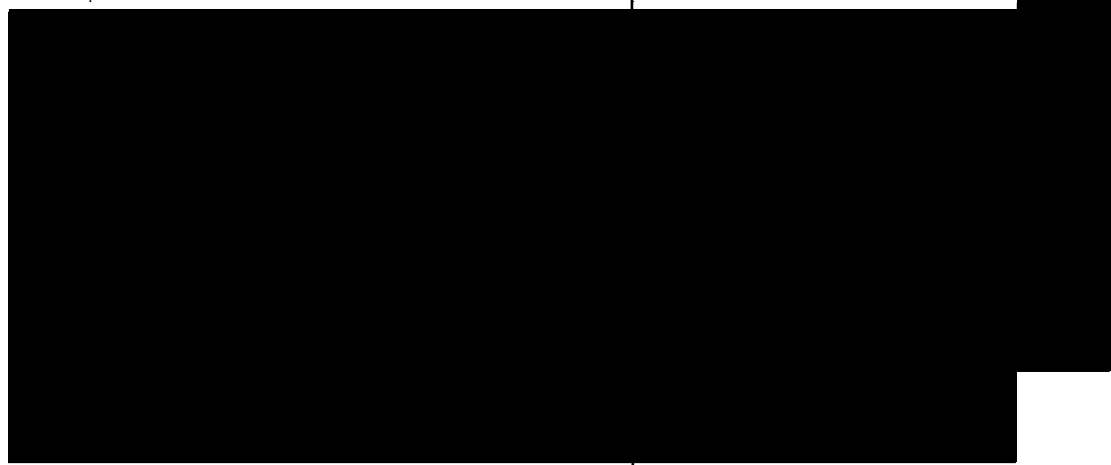
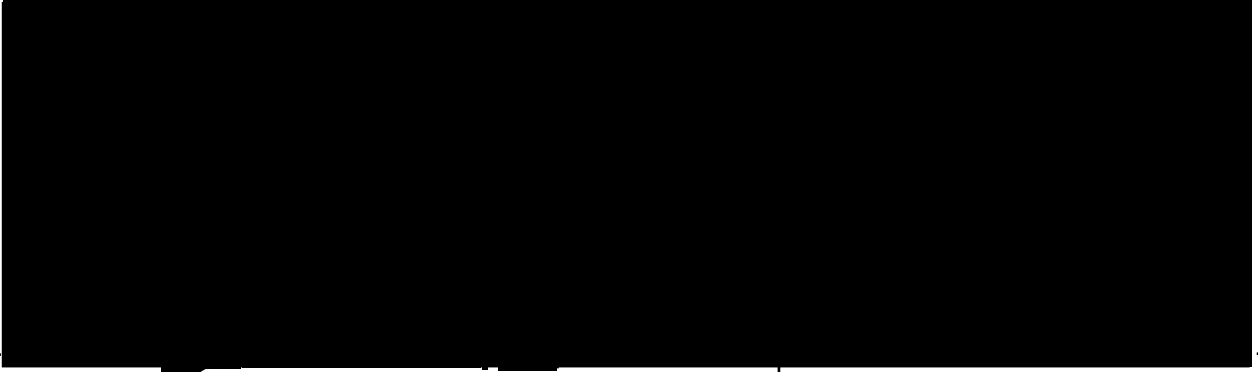
Direct inquiries to:
24 Hour Service Call, 800 400-6080

California Bank & Trust
115 Via Pico Plaza
San Clemente, CA 92672

Summary of Account Balance

Account	Number	Ending Balance
Classic Interest Checking	[REDACTED]	[REDACTED]

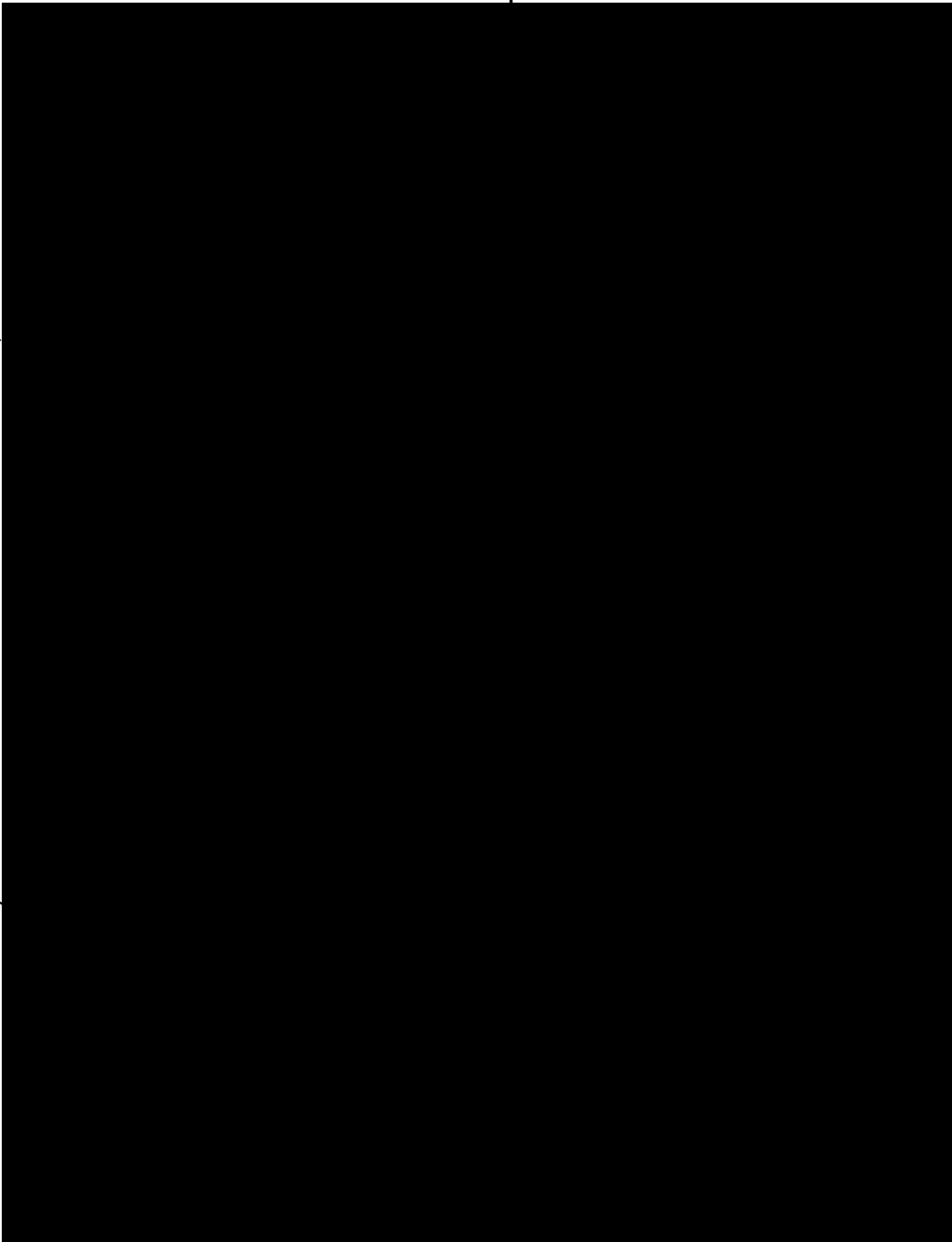
Classic Interest Checking



Member FDIC

CALIFORNIA BANK
TRUST

May 23, 2005



Member FDIC

CALIFORNIA BANK
TRUST

Direct inquiries to:
24 Hour Service Call, 800 400-6080

California Bank & Trust
115 Via Pico Plaza
San Clemente, CA 92672

25

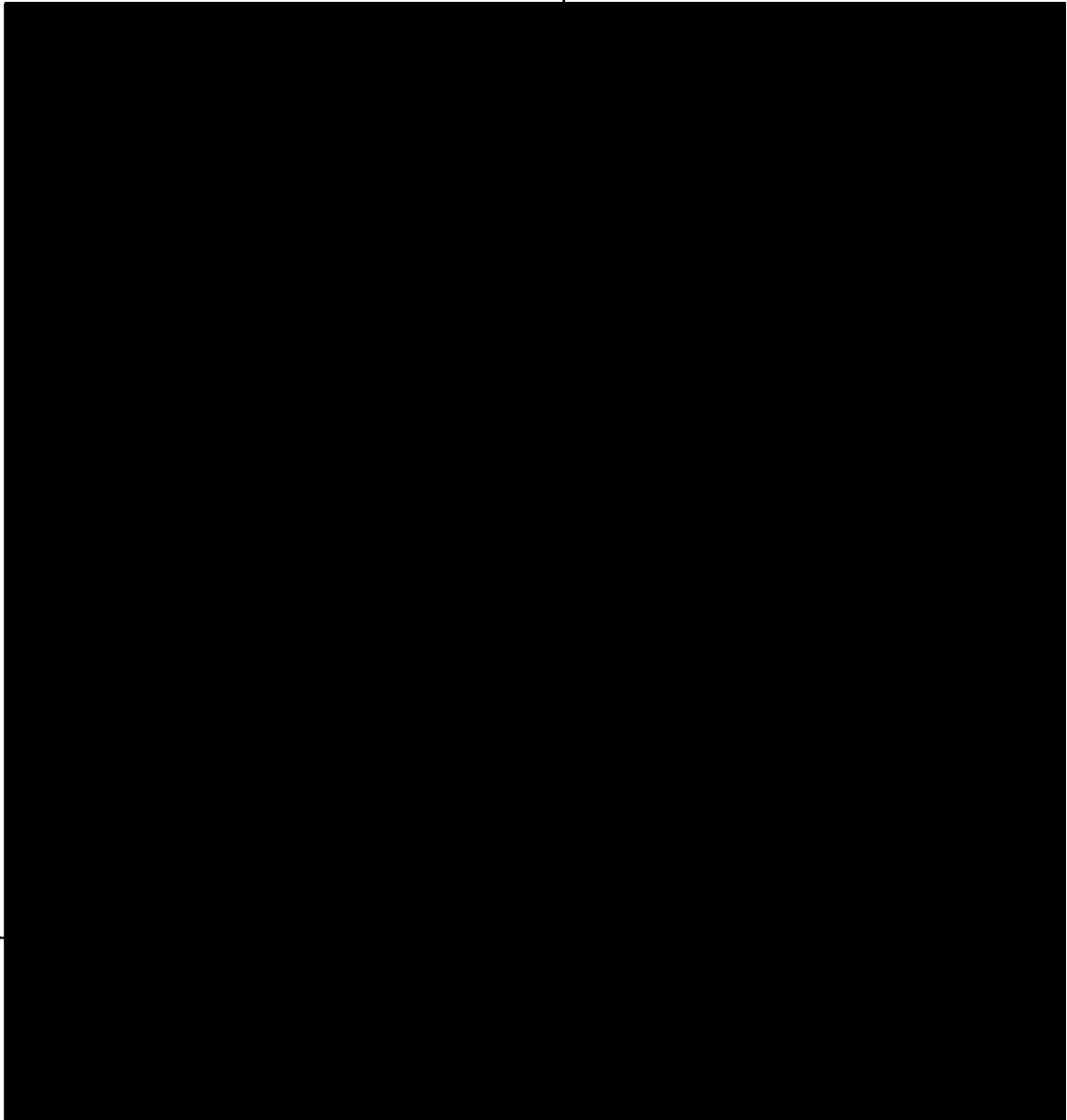
Classic Interest Checking



Member FDIC

CALIFORNIA BANK
TRUST

April 22, 2005



Member FDIC

CALIFORNIA BANK
TRUST

Account

[REDACTED]

Direct [REDACTED] to:
24 Hour Service Call, 800 400-8080

California Bank & Trust
115 Via Pico Plaza
San Clemente, CA 92672

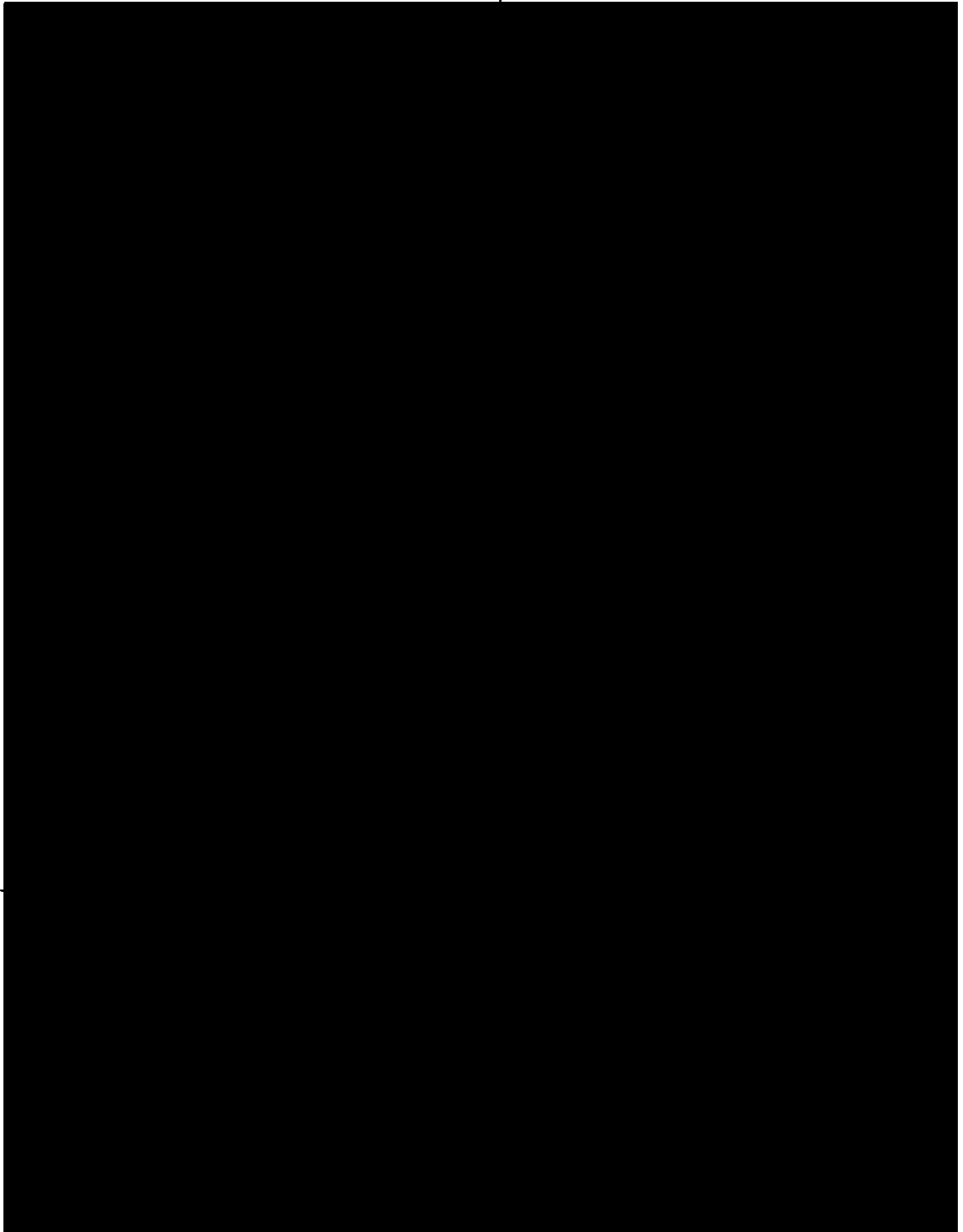
23

[REDACTED]

[REDACTED]

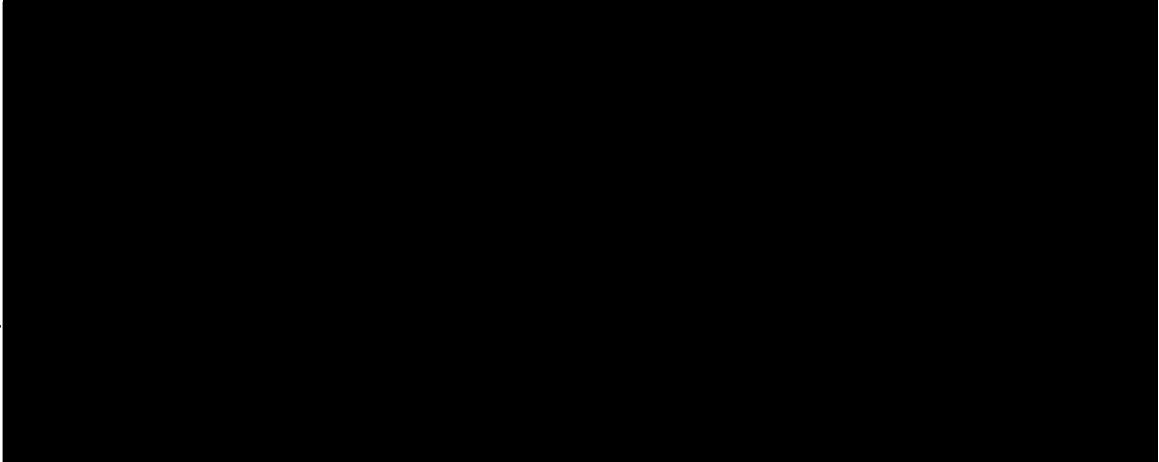
[REDACTED]

CALIFORNIA BANK
TRUST



Member FDIC

CALIFORNIA BANK
TRUST



—
—

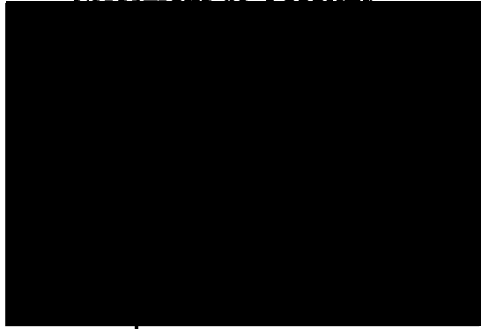


Member FDIC

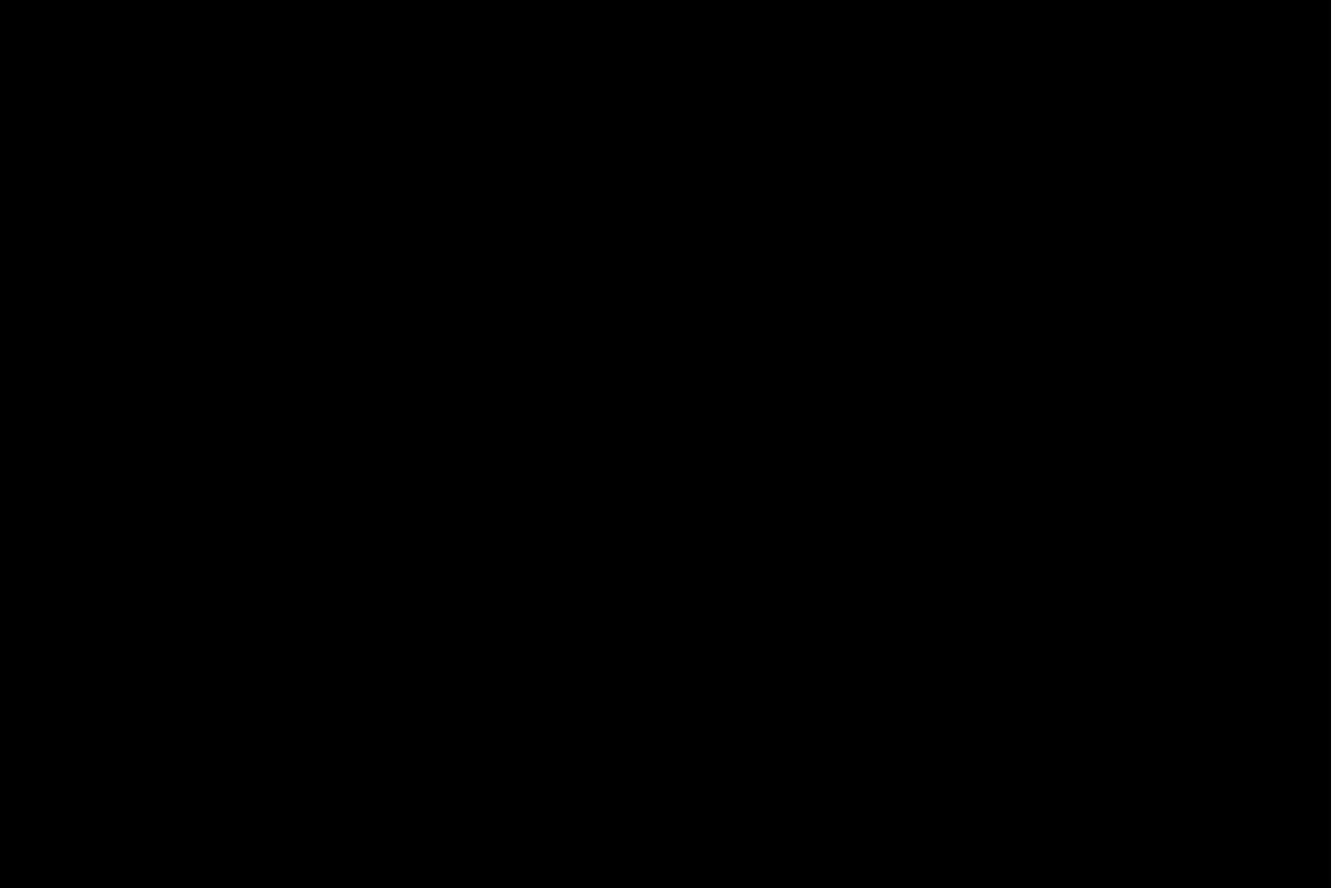
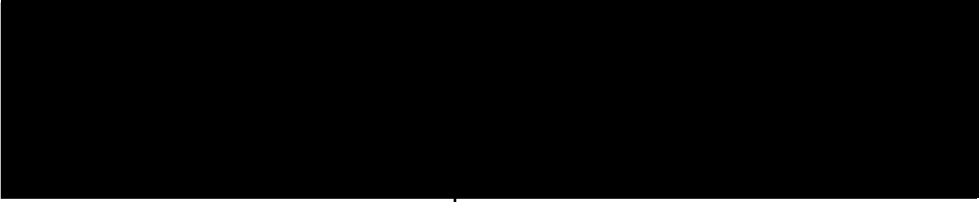


CALIFORNIA BANK
TRUST

Statement of Account

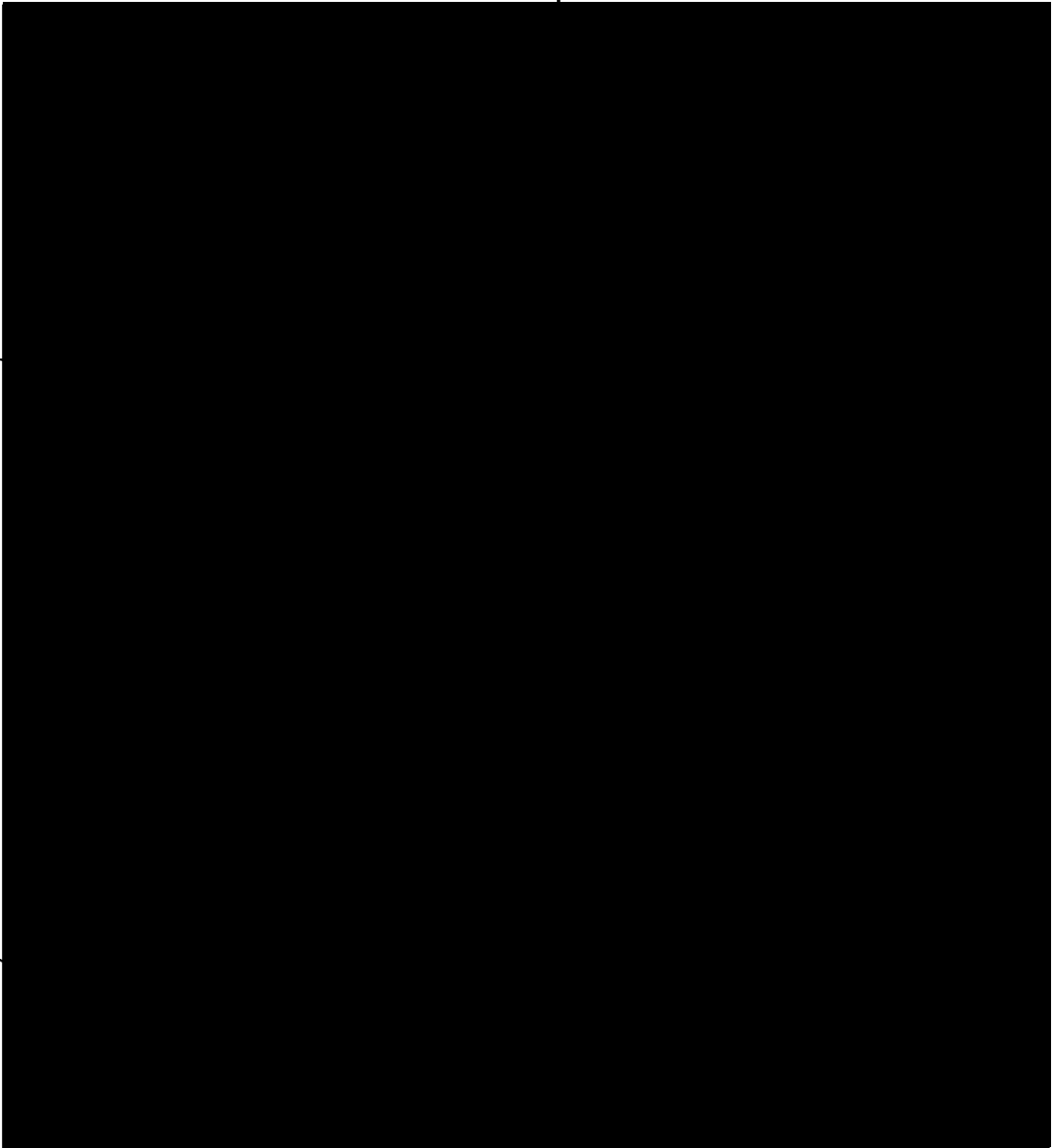


11



Member FDIC

CALIFORNIA BANK
TRUST



Member FDIC

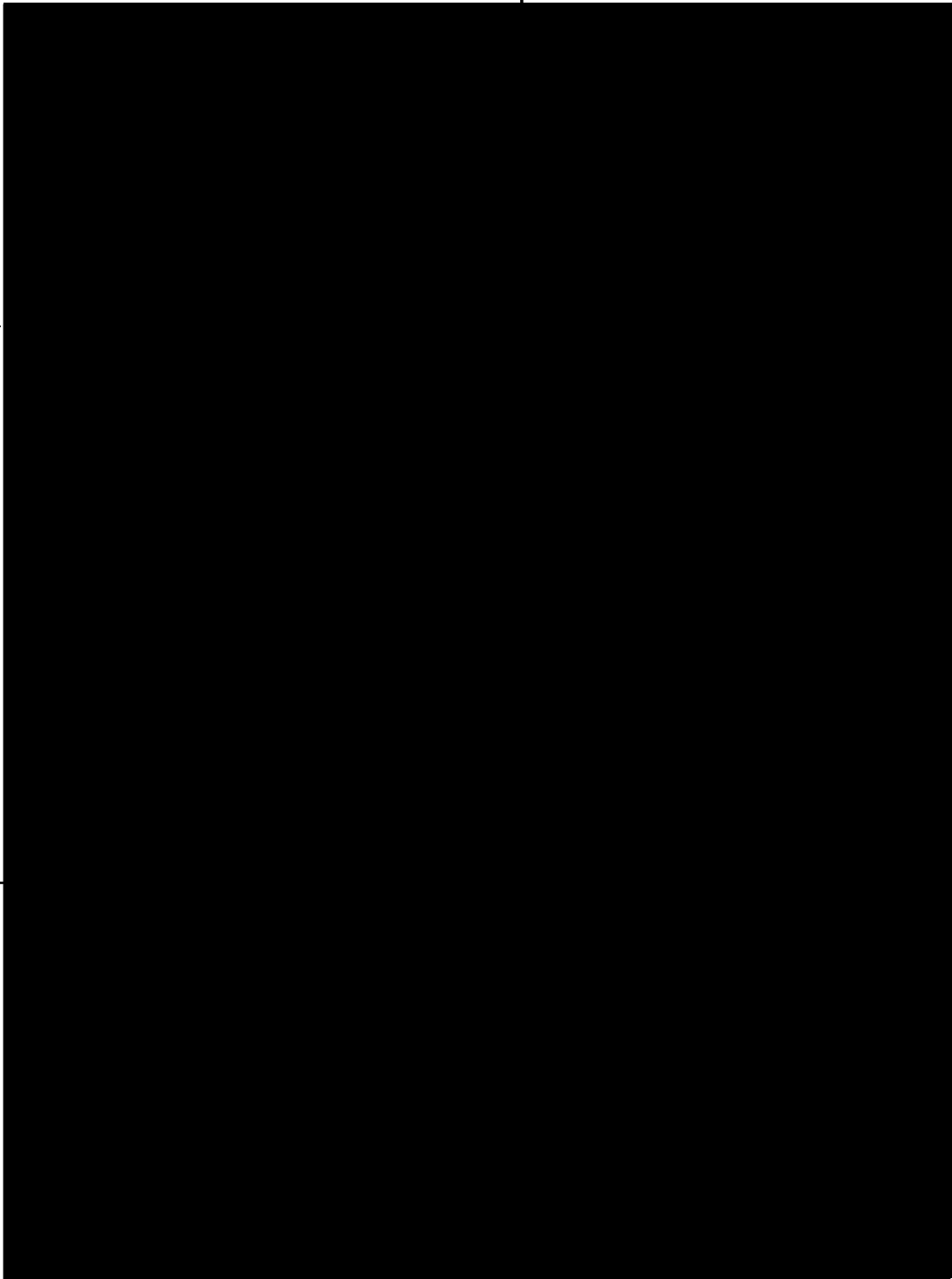
CALIFORNIA BANK
TRUST

23



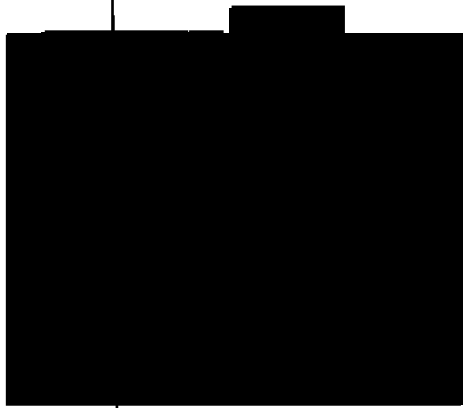
Member FDIC

CALIFORNIA BANK
TRUST

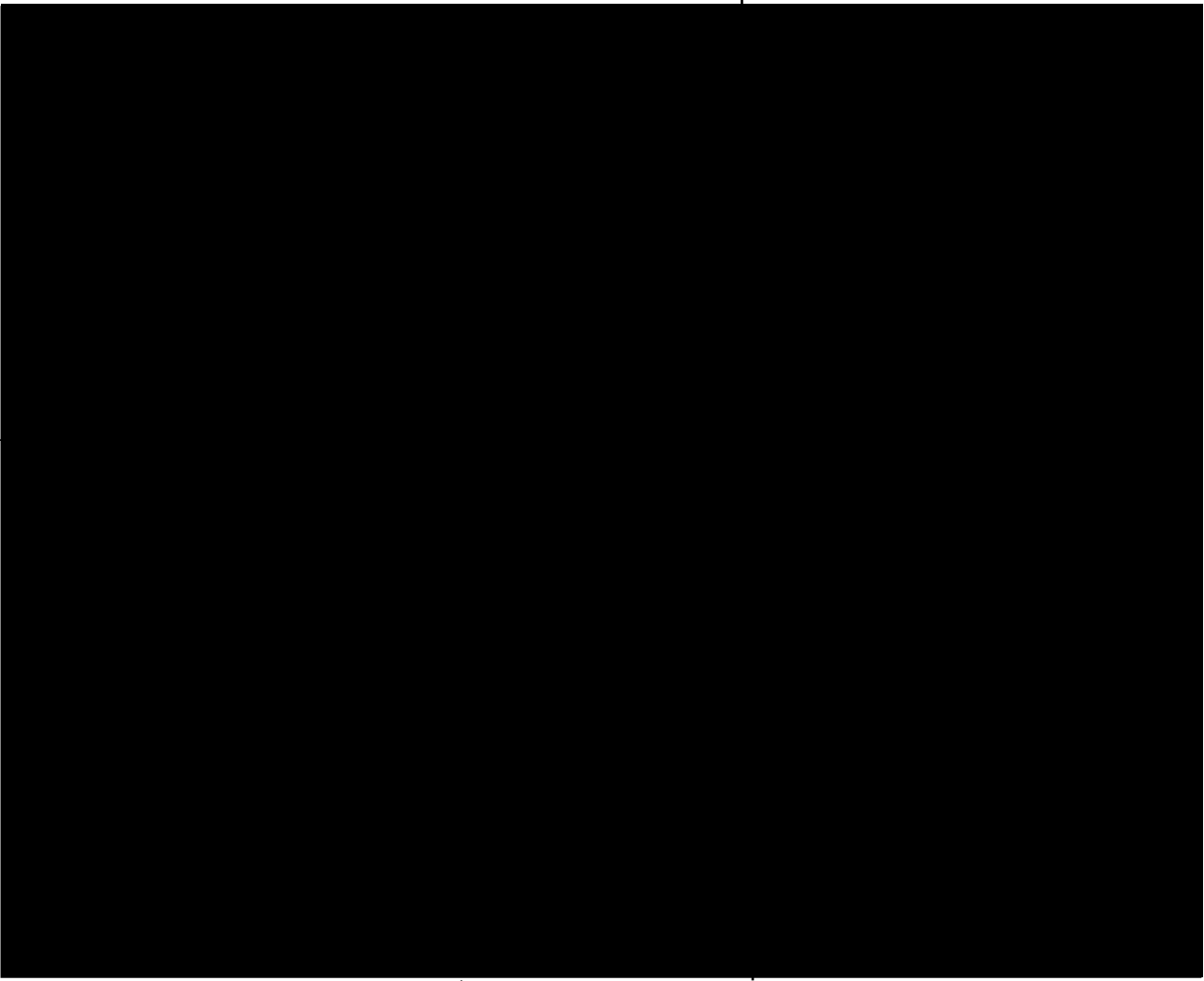


Member FDIC

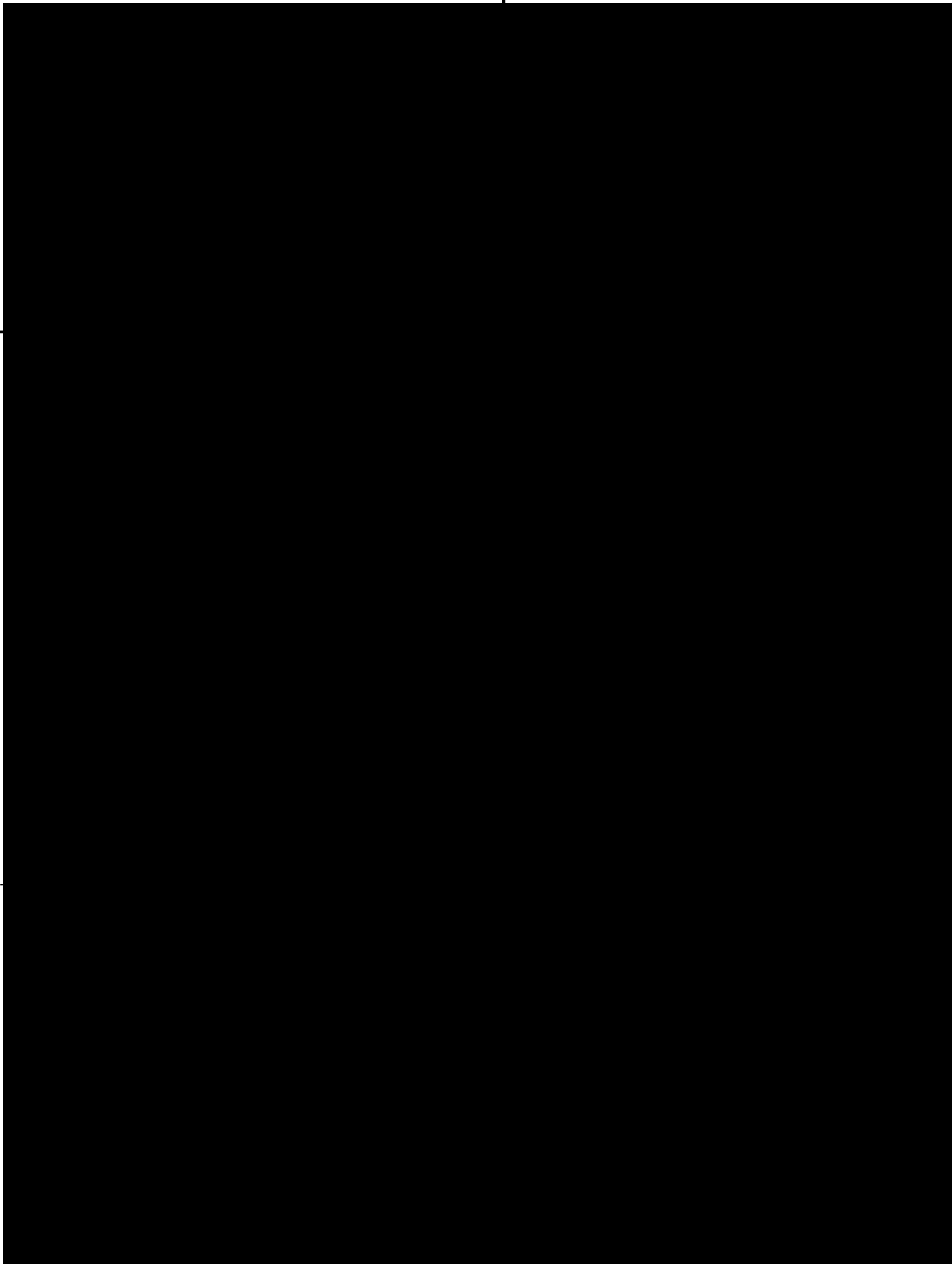
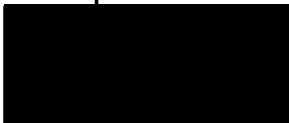
CALIFORNIA BANK
TRUST



18



CALIFORNIA BANK
TRUST

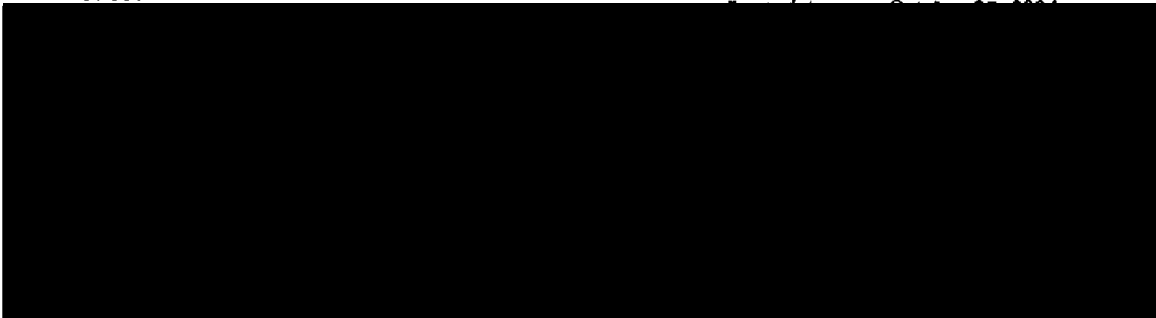


Member FDIC

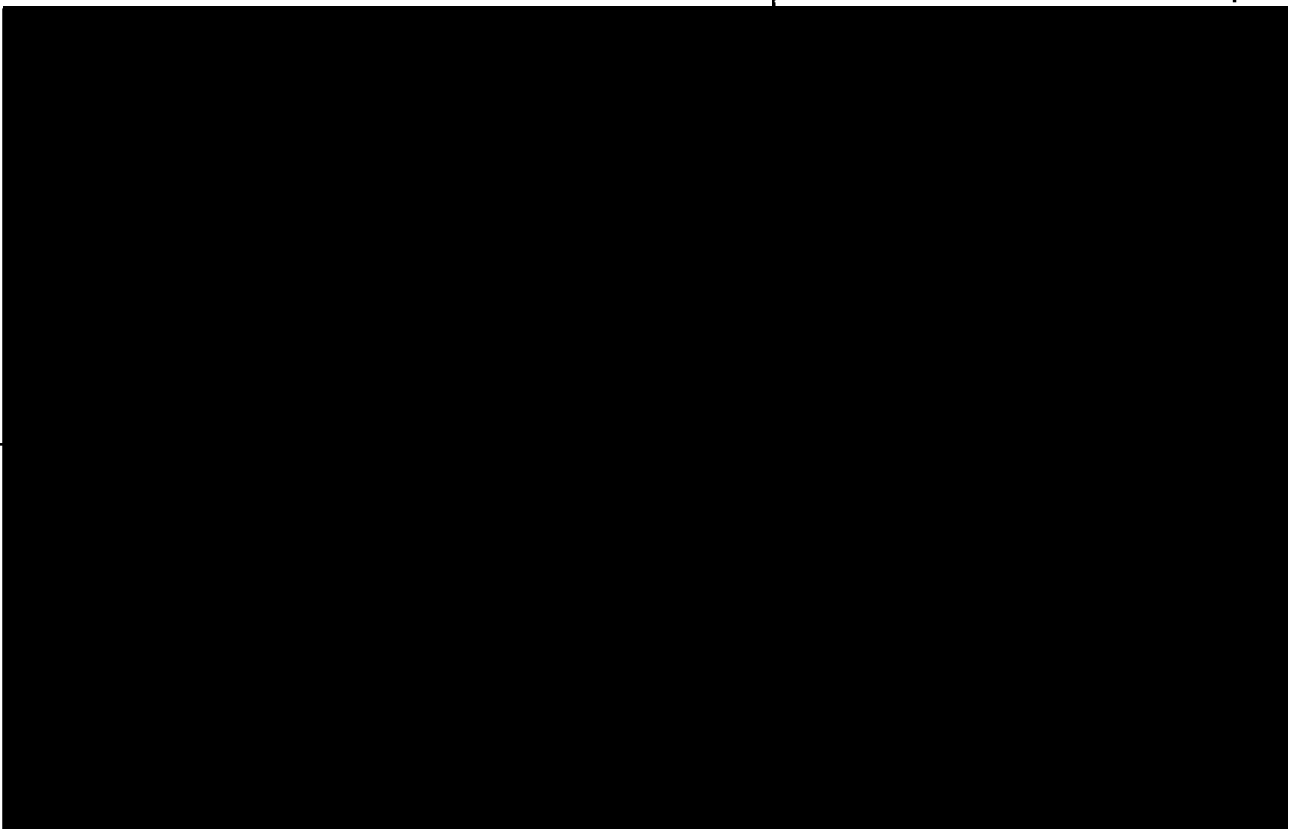
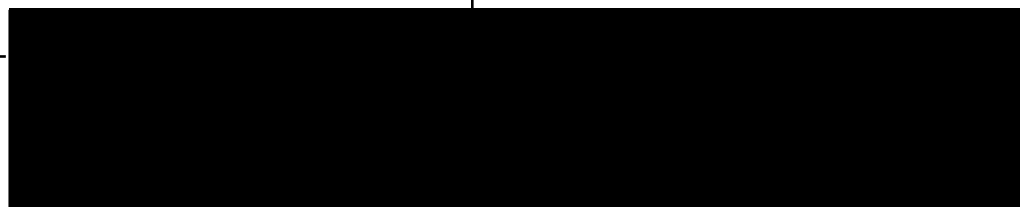


CALIFORNIA BANK
TRUST

Statement of Account

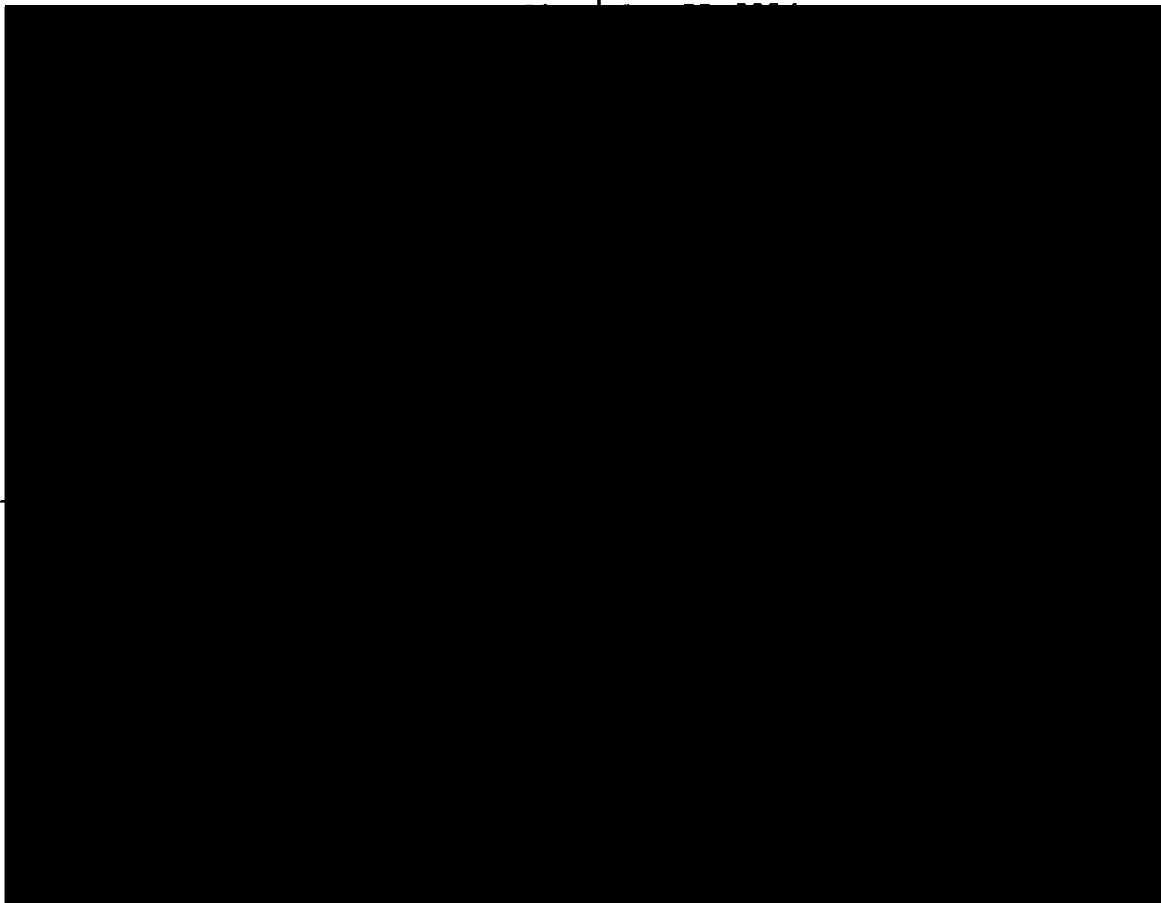


15



Member FDIC

CALIFORNIA BANK
TRUST



Member FDIC

[Redacted]

[Redacted]

Account

[Redacted]

=

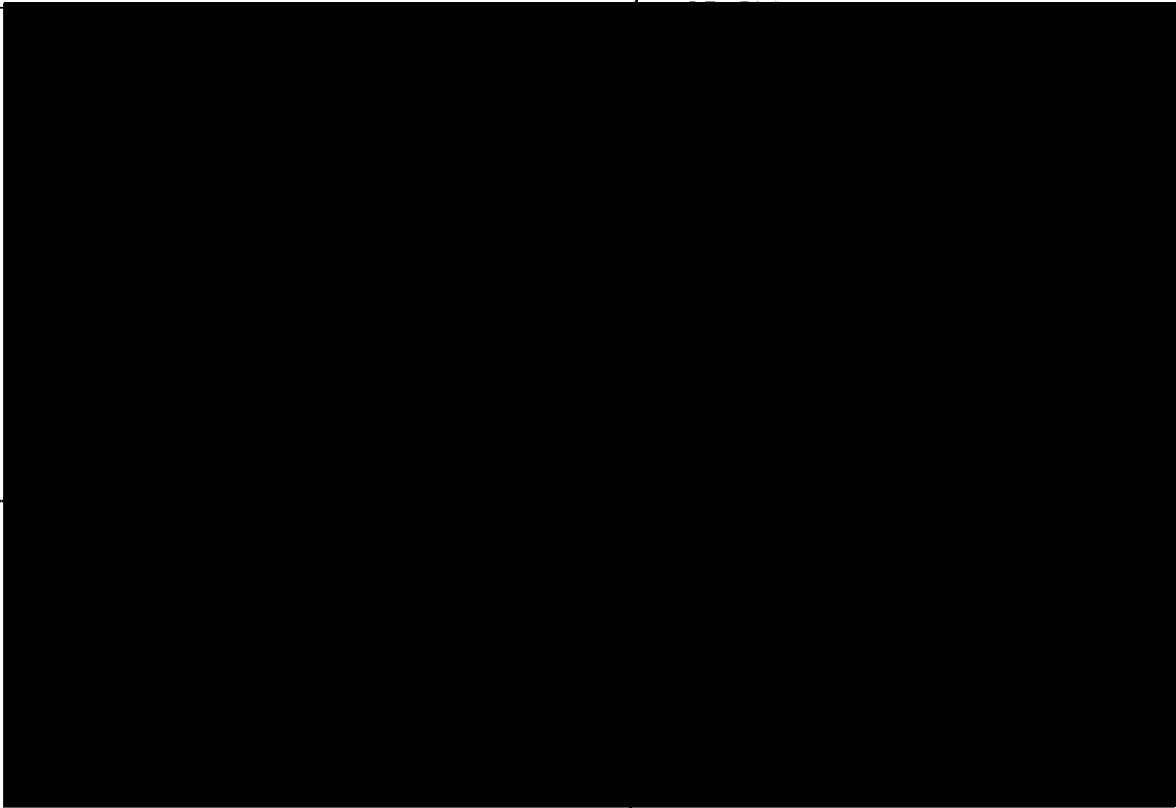
[Redacted]

[Redacted]



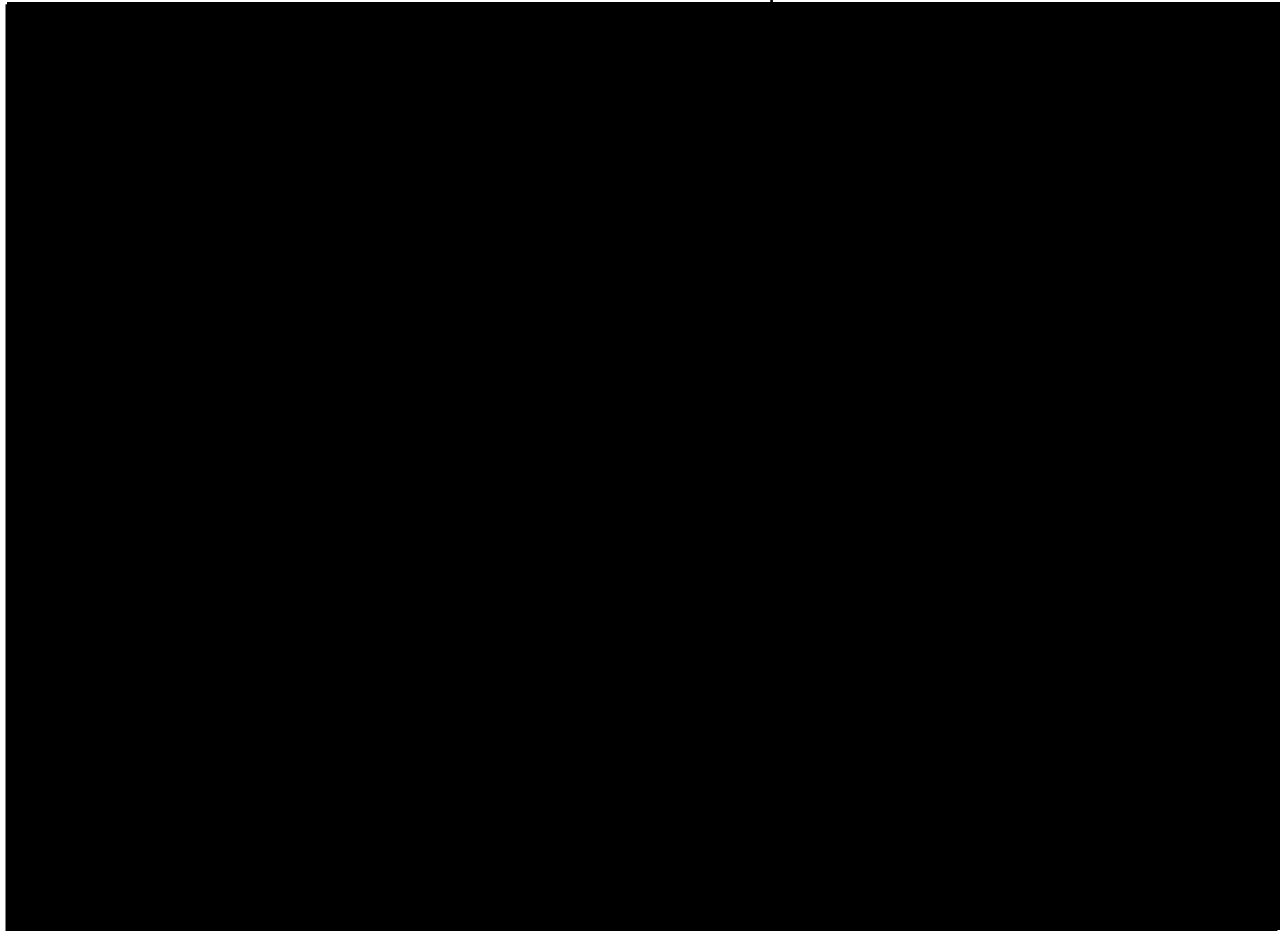
Member FDIC

CALIFORNIA BANK
TRUST



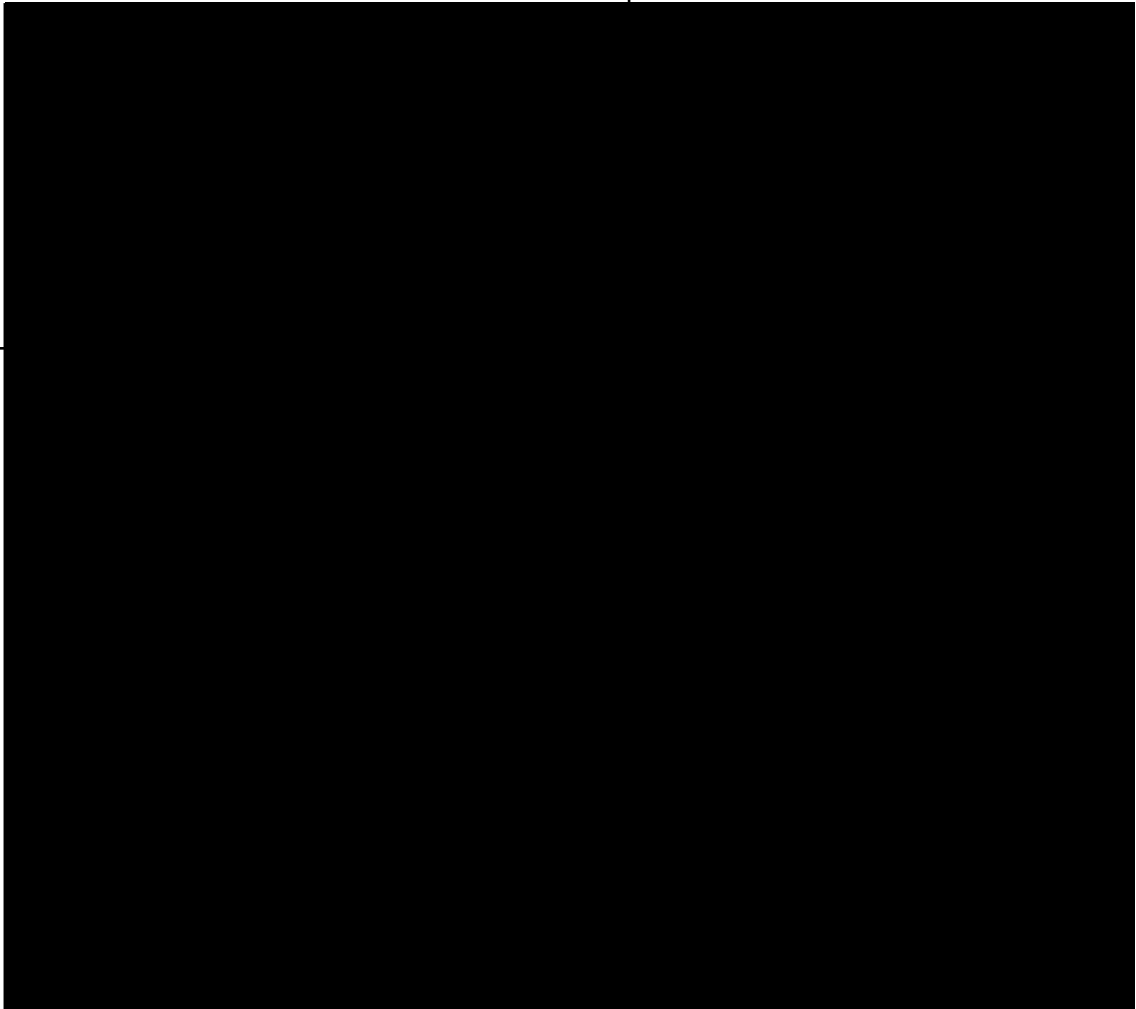
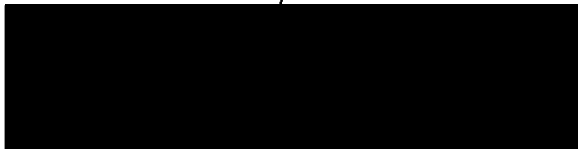
Member FDIC

CALIFORNIA BANK



Small text below the house icon, possibly a company name or address.

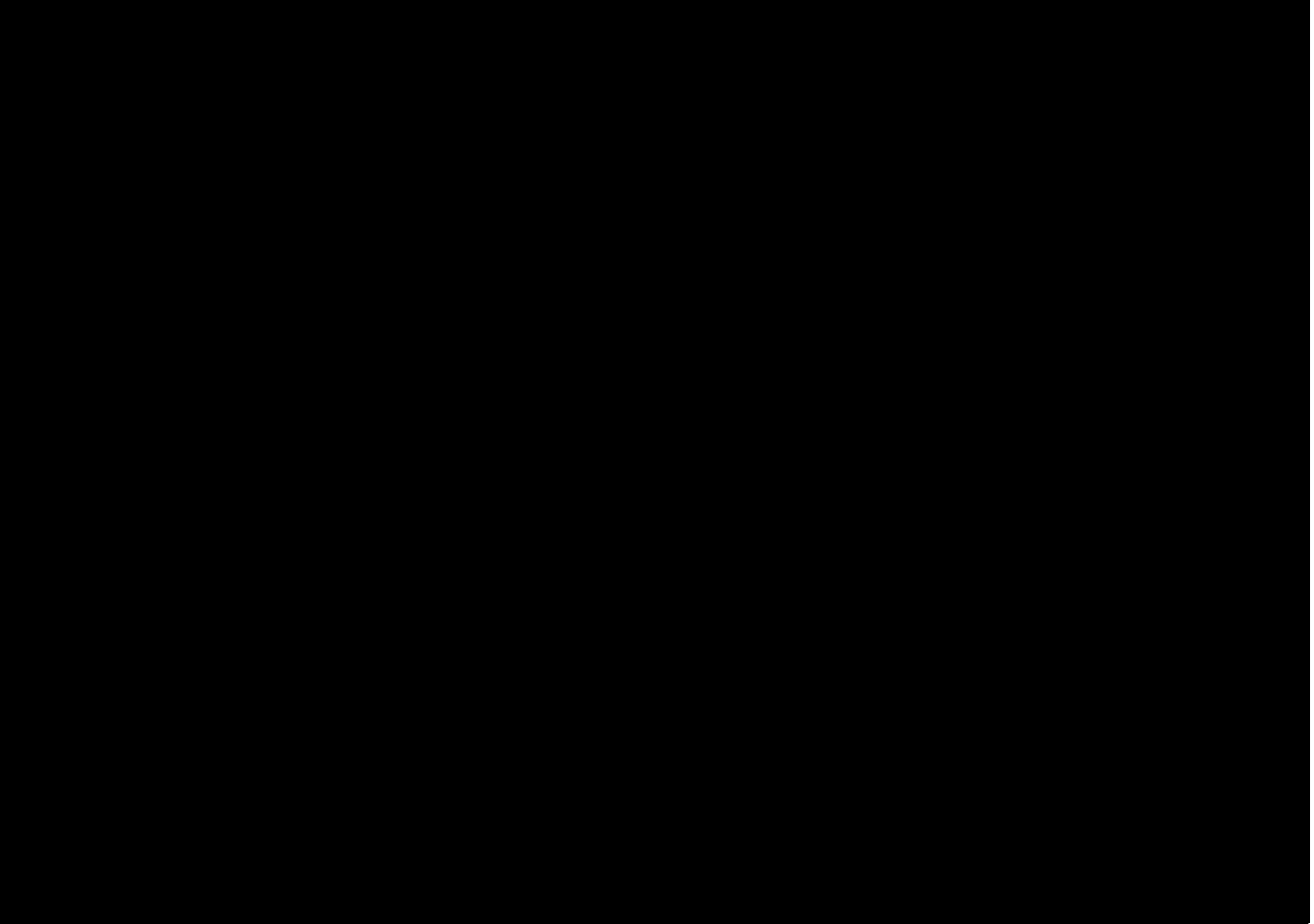
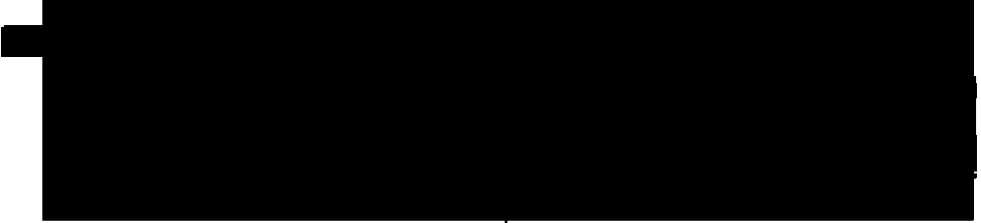
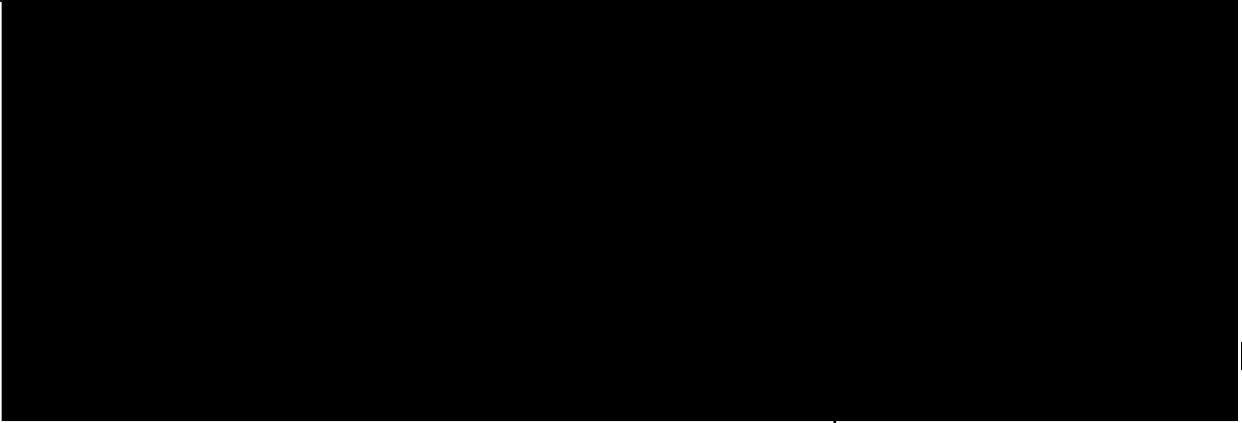
CALIFORNIA BANK
TRUST



Member FDIC

CALIFORNIA BANK

—
—
—
—



Member FDIC

34-627116-40

PAGE

##XXH1401DPCSTM

07230403462711640

Statement of Account
Last statement: June 28, 2004
This statement: July 28, 2004

[REDACTED]

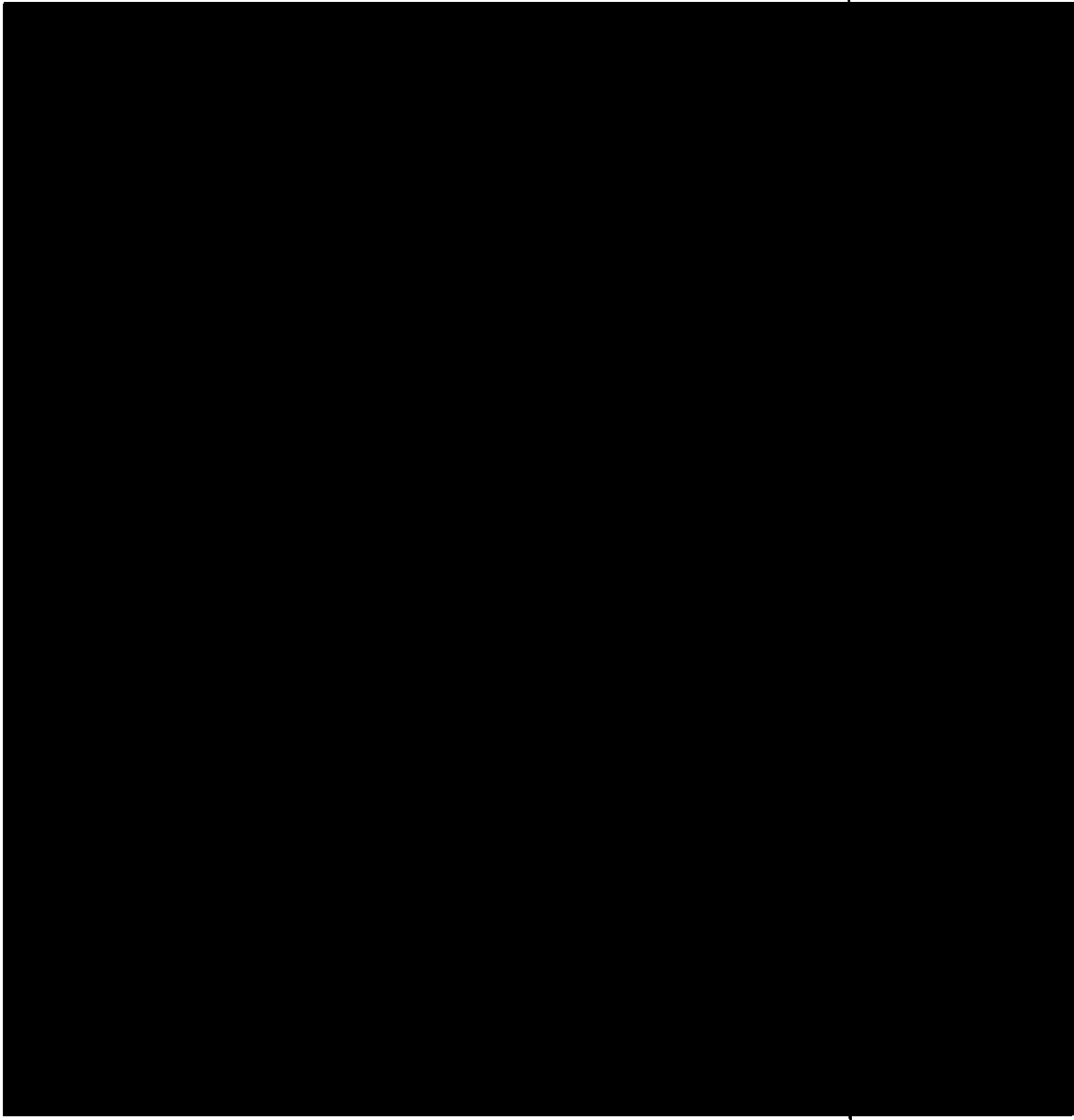
22

Summary of Account Balance

[REDACTED]

[REDACTED]

PAGE



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]





BORROWER INFORMATION AND CONTACT SHEET

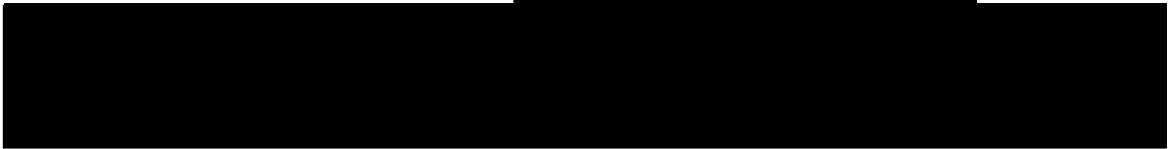
Borrower Name: LESLIE BENNETT
Co-Borrower Name: PAUL DANIEL BENNETT
Co-Borrower Name:
Co-Borrower Name:

Loan No.: 10238451

Property Address: 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672

PLEASE PROVIDE THE FOLLOWING [REDACTED]

Numbers: (Work) (Home) (Other (e.g., cell))



Personal Friend's Name, Address and Telephone: _____

Co-Borrower Telephone [REDACTED]

Nearest Relative's Name, Address and Telephone: SAME AS ABOVE



Personal Friend's Name, Address and Telephone: _____

Co-Borrower Telephone (Work) (Home) (Other (e.g., cell))
Numbers: _____

Nearest Relative's Name, Address and Telephone: _____

Personal Friend's Name, Address and Telephone: _____

Personal Friend's Name, Address and Telephone: _____

Co-Borrower Telephone (Work) (Home) (Other (e.g., cell))
Numbers: _____

Nearest Relative's Name, Address and Telephone: _____

Personal Friend's Name, Address and Telephone: _____

Personal Friend's Name, Address and Telephone: _____

THE TELEPHONE NUMBERS THAT YOU HAVE SUPPLIED ABOVE WILL BE KEPT CONFIDENTIAL AND WILL BE USED SOLELY FOR THE PURPOSE OF CONTACTING YOU.

Leslie Bennett 7/20/05
LESLIE BENNETT Date

Paul Daniel Bennett 7/20/05
PAUL DANIEL BENNETT Date

_____ Date _____ Date

_____ Date EXHIBIT B _____ Date
Page 207

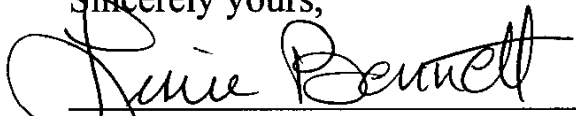
July 20, 2005

To: AKA Statement

To Whom It May Concern:

I, Leslie Bennett, hereby, certify that I was also known as "Leslie A. Bennett", "Leslie Ann Speer", "Leslie A. Speer" and "Leslie Ann Bennett".

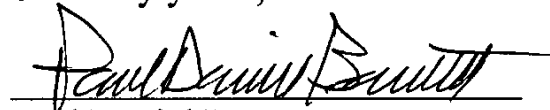
Sincerely yours,



Leslie Bennett

I, Paul Daniel Bennett, hereby, certify that I was also known as "Paul D. Bennett, Sr.", "Paul D. Bennett", "Paul Bennett, Sr." and "Dan Bennett".

Sincerely yours,



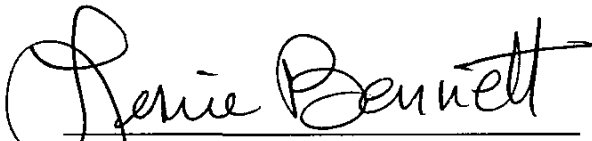
Paul Daniel Bennett

July 20, 2005

To Whom It May Concern:

The purpose of cash out is to use it for the home improvement including upgrading the landscaping and replace some of the old furniture.

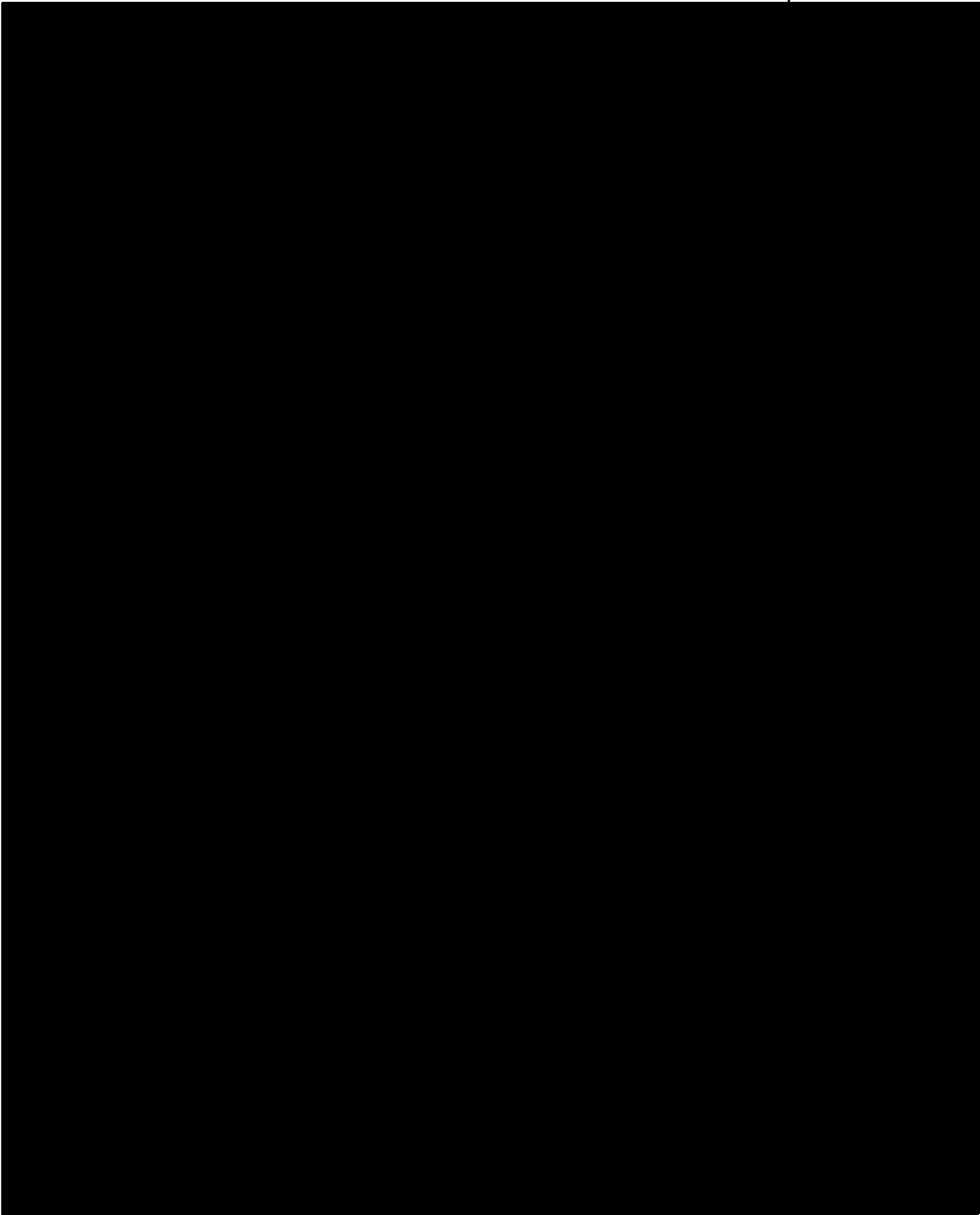
Sincerely yours,



Leslie Bennett



Paul Daniel Bennett



**CUSTOMER IDENTIFICATION VERIFICATION
IMPORTANT INFORMATION ABOUT PROCEDURES FOR APPLYING FOR A LOAN**

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you apply for a loan, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

INSTRUCTIONS TO INDIVIDUAL COMPLETING THIS VERIFICATION

Each named individual must present at least two (2) forms of identifying documents for review; at least one (1) of the identifying documents must be a government-issued document bearing a photograph of the named individual. Other identifying documents not specifically listed below must, at a minimum, bear the individual's name. Examples of other acceptable identifying documents include:

Current government-issued visa; Medicare card; student identification card; voter registration card; recent property tax or utility bill; most recent W-2 or signed federal or state tax returns; bank statements; and proof of car/house/renter's insurance coverage. Please contact the above-named Lender if you have any questions regarding the acceptability of any identifying document.

Borrower's Name: **LESLIE BENNETT**

Date of Birth: [REDACTED]

[REDACTED ADDRESS]

Taxpayer Identification Number ([REDACTED])

Identifying Documents	Place of Issuance	ID Number	Date of Birth	Issue/Expiration Date(s)	Photo
<input checked="" type="checkbox"/> State/Foreign Driver's License	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<input type="checkbox"/> State/Foreign ID Card					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> U.S./Foreign Passport					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Military ID					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Resident Alien Card					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Social Security Card		[REDACTED]			
<input type="checkbox"/> Birth Certificate					
<input type="checkbox"/> Other:					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Other:					<input type="checkbox"/> Yes <input type="checkbox"/> No

Borrower's Name: **PAUL DANIEL BENNETT**

Date of Birth: [REDACTED]

[REDACTED ADDRESS] AVE.

Taxpayer Identification Number ([REDACTED])

Identifying Documents	Place of Issuance	ID Number	Date of Birth	Issue/Expiration Date(s)	Photo
<input checked="" type="checkbox"/> State/Foreign Driver's License	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<input type="checkbox"/> State/Foreign ID Card					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> U.S./Foreign Passport					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Military ID					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Resident Alien Card					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Social Security Card		[REDACTED]			
<input type="checkbox"/> Birth Certificate					
<input type="checkbox"/> Other:					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Other:					<input type="checkbox"/> Yes <input type="checkbox"/> No

*For an individual without a residential or business address, provide an APO or FPO box number, or the residential or business address of next of kin or another contact person.

**For non-U.S. persons without a tax identification number, provide a passport number and country of issuance; an alien identification card number, or the number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.

Borrower's Name: _____ Date of Birth: _____

Residential or Business Address: * _____

Taxpayer Identification Number (SSN):** _____

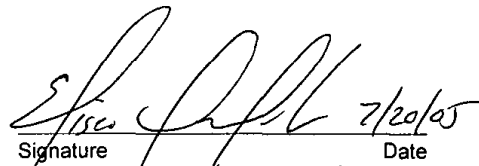
Identifying Documents	Place of Issuance	ID Number	Date of Birth	Issue/Expiration Date(s)	Photo
<input type="checkbox"/> State/Foreign Driver's License					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> State/Foreign ID Card					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> U.S./Foreign Passport					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Military ID					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Resident Alien Card					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Social Security Card					
<input type="checkbox"/> Birth Certificate					
<input type="checkbox"/> Other:					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Other:					<input type="checkbox"/> Yes <input type="checkbox"/> No

ADDITIONAL COMMENTS

(e.g., please note any discrepancies in any borrower's identifying documents):

CERTIFICATION

I, the undersigned, hereby certify that: (i) I have personally examined the identifying documents indicated above presented to me by the named individual(s), (ii) I have accurately recorded the information appearing in the identifying documents I examined, and (iii) except as may be indicated above, each of the indicated identifying documents appears to be genuine, the information contained in the identifying documents is consistent in all respects with the information provided by the named individual(s), and, where applicable, the photograph appears to be that of the named individual(s).


 Signature _____ Date 7/20/05
 ELISEO ORNELAS
 NOTARY PUBLIC
 Name and Title _____

*For an individual without a residential or business address, provide an APO or FPO box number, or the residential or business address of next of kin or another contact person.

**For non-U.S. persons without a tax identification number, provide a passport number and country of issuance; an alien identification card number, or the number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.

07/25/2005 10:13

94950897

PAGE 02/02

Uniform Residential Loan Application

This application is designed to be completed by the applicant(s) with the Lender's assistance. Applicants should complete this form as "Borrower" or "Co-Borrower", as applicable. Co-Borrower information must also be provided (and the appropriate box checked) when the income or assets of a person other than the "Borrower" (including the Borrower's spouse) will be used as a basis for loan qualification or the income or assets of the Borrower's spouse will not be used as a basis for loan qualification, but his or her liabilities must be considered because the Borrower resides in a community property state, the security property is located in a community property state, or the Borrower is relying on other property located in a community property state as a basis for repayment of the loan.

TYPE OF MORTGAGE AND TERMS OF LOAN			
Mortgage Applied for:	<input type="checkbox"/> VA <input type="checkbox"/> FHA	<input checked="" type="checkbox"/> Conventional <input type="checkbox"/> USDA/Rural Housing Service	<input type="checkbox"/> Other (explain):
Agency Case Number	Lender Case Number 20485		
Amount \$ 695,000	Interest Rate 8.500 %	No. of Months 360/360	Amortization Type: <input type="checkbox"/> Fixed Rate <input checked="" type="checkbox"/> ARM (type): 2/28 ARM

PROPERTY INFORMATION AND PURPOSE OF LOAN	
Subject Property Address (street, city, state, ZIP) 107 AVENIDA SAN DIMAS, San Clemente, CA 92672 County: Orange	No. of Units 1
Legal Description of Subject Property (attach description if necessary) SEE PRELIMINARY TITLE REPORT	Year Built 1953

Purpose of Loan: <input type="checkbox"/> Purchase <input type="checkbox"/> Construction <input type="checkbox"/> Other (explain):	Property will be: <input checked="" type="checkbox"/> Primary Residence <input type="checkbox"/> Secondary Residence <input type="checkbox"/> Investment				
Complete this line if construction or construction-permanent loan.					
Year Lot Acquired	Original Cost	Amount Existing Liens	(a) Present Value of Lot	(b) Cost of Improvements	Total (a+b)
	\$	\$	\$	\$	\$

Complete this line if this is a refinance loan.					
Year Acquired	Original Cost	Amount Existing Liens	Purpose of Refinance	Describe Improvements	<input type="checkbox"/> made <input type="checkbox"/> to be made
1993	\$ 157,500	\$ 596,000	Cash-Out/Debt Consolidation	Cost: \$	

Title will be held in what Name(s) LESLIE BENNETT PAUL DANIEL BENNETT	Manner in which Title will be held Joint tenants	Estate will be held in: <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (show expiration date)
Source of Down Payment, Settlement Charges and/or Subordinate Financing (explain) Equity from Subject Property		

BORROWER INFORMATION	
[REDACTED]	
[REDACTED]	
[REDACTED]	

Present Address (street, city, state, ZIP) <input checked="" type="checkbox"/> Own <input type="checkbox"/> Rent 12 No. Yrs. 107 AVENIDA SAN DIMAS San Clemente, CA 92672	Present Address (street, city, state, ZIP) <input checked="" type="checkbox"/> Own <input type="checkbox"/> Rent 12 No. Yrs. 107 AVENIDA SAN DIMAS San Clemente, CA 92672
Mailing Address, if different from Present Address	Mailing Address, if different from Present Address

If residing at present address for less than two years, complete the following:

Former Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent No. Yrs.	Former Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent No. Yrs.
---	---

EMPLOYMENT INFORMATION	
Borrower	Co-Borrower
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

If employed in current position for less than two years or if currently employed in more than one position, complete the following:

<input type="checkbox"/> Self Employed	Dates (from-to)
[REDACTED]	[REDACTED]
[REDACTED]	Income \$
[REDACTED]	Business Phone (incl. area code)
[REDACTED]	Position/Title/Type of Business
[REDACTED]	Business Phone (incl. area code)
[REDACTED]	Dates (from-to)
[REDACTED]	Monthly Income \$
[REDACTED]	Business Phone (incl. area code)
[REDACTED]	Position/Title/Type of Business
[REDACTED]	Business Phone (incl. area code)

Fannie Mae Form 1003 01/04

VI. ASSETS AND LIABILITIES (cont.)

Schedule of Real Estate Owned (if additional properties are owned, use continuation sheet)

Property Address (enter S if sold, PS if pending sale)	Type of	Present	Amount of	Gross	Mortgage	Insurance, Maintenance,	Net
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]

Creditor Name	Account Number
[Redacted]	[Redacted]

VII. DETAILS OF TRANSACTION **VIII. DECLARATIONS**

a. Purchase price \$	b. Alterations, improvements, repairs	c. Land (if acquired separately)	If you answer "yes" to any questions a through l, please use continuation sheet for explanation.			
			Borrower		Co-Borrower	
			Yes	No	Yes	No
[Redacted]	[Redacted]	[Redacted]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
[Redacted]	[Redacted]	[Redacted]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
[Redacted]	[Redacted]	[Redacted]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
[Redacted]	[Redacted]	[Redacted]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
[Redacted]	[Redacted]	[Redacted]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
[Redacted]	[Redacted]	[Redacted]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
[Redacted]	[Redacted]	[Redacted]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
[Redacted]	[Redacted]	[Redacted]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
[Redacted]	[Redacted]	[Redacted]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
[Redacted]	[Redacted]	[Redacted]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
[Redacted]	[Redacted]	[Redacted]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
[Redacted]	[Redacted]	[Redacted]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
[Redacted]	[Redacted]	[Redacted]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

IX. ACKNOWLEDGMENT AND AGREEMENT

Each of the undersigned specifically represents to Lender and to Lender's actual or potential agents, brokers, processors, attorneys, insurers, servicers, successors and assigns and agrees and acknowledges that: (1) the information provided in this application is true and correct as of the date set forth opposite my signature and that any intentional or negligent misrepresentation of this information contained in this application may result in civil liability, including monetary damages, to any person who may suffer any loss due to reliance upon any misrepresentation that I have made on this application, and/or in criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Sec. 1001, et seq.; (2) the loan requested pursuant to this application (the "Loan") will be secured by a mortgage or deed of trust on the property described herein; (3) the property will not be used for any illegal or prohibited purpose or use; (4) all statements made in this application are made for the purpose of obtaining a residential mortgage loan; (5) the property will be occupied as indicated herein; (6) any owner or servicer of the Loan may verify or reverify any information contained in the application from any source named in this application, and Lender, its successors or assigns may retain the original and/or an electronic record of this application, even if the Loan is not approved; (7) the Lender and its agents, brokers, insurers, servicers, successors and assigns may continuously rely on the information contained in the application, and I am obligated to amend and/or supplement the information provided in this application if any of the material facts that I have represented herein should change prior to closing of the Loan; (8) in the event that my payments on the Loan become delinquent, the owner or servicer of the Loan may, in addition to any other rights and remedies that it may have relating to such delinquency, report my name and account information to one or more consumer credit reporting agencies; (9) ownership of the Loan and/or administration of the Loan account may be transferred with such notice as may be required by law; (10) neither Lender nor its agents, brokers, insurers, servicers, successors or assigns has made any representation or warranty, express or implied, to me regarding the property or the condition or value of the property; and (11) my transmission of this application as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or my facsimile transmission of this application containing a facsimile of my signature, shall be as effective, enforceable and valid as if a paper version of this application were delivered containing my original written signature.

Borrower's Signature	Date	Co-Borrower's Signature	Date
<i>Jane Bennett</i>	1/20/05	<i>Paul David Bennett</i>	7-20-05

X. INFORMATION FOR GOVERNMENT MONITORING PURPOSES

The following information is requested by the Federal Government for certain types of loans related to a dwelling in order to monitor the lender's compliance with equal credit opportunity, fair housing and home mortgage disclosure laws. You are not required to furnish this information, but are encouraged to do so. The law provides that a Lender may discriminate neither on the basis of this information, nor on whether you choose to furnish it. If you furnish the information, please provide both ethnicity and race. For race, you may check more than one designation. If you do not furnish ethnicity, race, or sex, under Federal regulations, this lender is required to note the information on the basis of visual observation or surname. If you do not wish to furnish the information, please check the box below. (Lender must review the above material to assure that the disclosures satisfy all requirements to which the lender is subject under applicable state law for the particular type of loan applied for.)

BORROWER <input checked="" type="checkbox"/> I do not wish to furnish this information	CO-BORROWER <input checked="" type="checkbox"/> I do not wish to furnish this information
Ethnicity: <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino	Ethnicity: <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino
Race: <input type="checkbox"/> American Indian or Alaska Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> White	Race: <input type="checkbox"/> American Indian or Alaska Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> White
Sex: <input checked="" type="checkbox"/> Female <input type="checkbox"/> Male	Sex: <input type="checkbox"/> Female <input checked="" type="checkbox"/> Male
To be Completed by Interviewer This application was taken by: <input type="checkbox"/> Face-to-face interview <input type="checkbox"/> Mail <input type="checkbox"/> Telephone <input checked="" type="checkbox"/> Internet	Interviewer's Name (print or type) RON FRYBARGER Interviewer's Signature <i>[Signature]</i> Date Interviewer's Phone Number (incl. area code) 949-442-7934
Name and Address of Interviewer's Employer M C FUNDING, INC. 20 CORPORATE PARK, SUITE 175 IRVINE, CA 92606 (P) 949-442-7934 (F) 949-442-7938	

Continuation Sheet/Residential Loan Application

Use this continuation sheet if you need more space to complete the Residential Loan Application. Mark B for Borrower or C for Co-Borrower.

Borrower: LESLIE BENNETT
Co-Borrower: PAUL DANIEL BENNETT

Table with multiple rows and columns, mostly containing redacted information (blacked out).

I/We fully understand that it is a Federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements concerning any of the above facts as applicable under the provisions of Title 18, United States Code, Section 1001, et seq.

Borrower's Signature: *Leslie Bennett*

Date: *11/20/05*

Co-Borrower's Signature: *Paul Daniel Bennett*

Date: *7-20-05*



Certified Credit Link

1415 E. Colorado Suite 201
 Glendale, CA 91205
 Phone: 818 500-0495
 Fax: 818 500-0497

SUPPLEMENTAL REPORT

Report No 346370

Provided For: MC FUNDING, INC N65881
 20 CORPORATE PARK #175
 IRVINE, CA 92606

Date Received 7/21/2005	Date Issued 7/21/2005	Requested By RON FRYBARGER
Loan Type	Job # 8138617	Charges \$26.66
Sources XP/TU/EF	Reference #	

Property Address:

GENERAL INFORMATION

Borrower Name BENNETT, PAUL Social Security No [REDACTED]
 Co-Borrower Name BENNETT, LESLIE Social Security No [REDACTED]
 Current Address 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CA 92672 Length
 Previous Address Length
 Marital Status MARRIED
 Dependents

BORROWER

CO-BORROWER

Employer	Employer
Position	Position
Since	Since
Income	Income
Verified By	Verified By

CREDIT HISTORY

ECOA	CREDITOR NAME ACCOUNT NUMBER	DATE REPORTED	DATE OPENED	HIGH CREDIT	BALANCE TERMS	PAST DUE AMOUNT	HISTORICAL STATUS				PRESENT STATUS
		DATE LAST ACTIVITY					MOS REV	TIMES PAST DUE			
		30+						60+	90+		
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

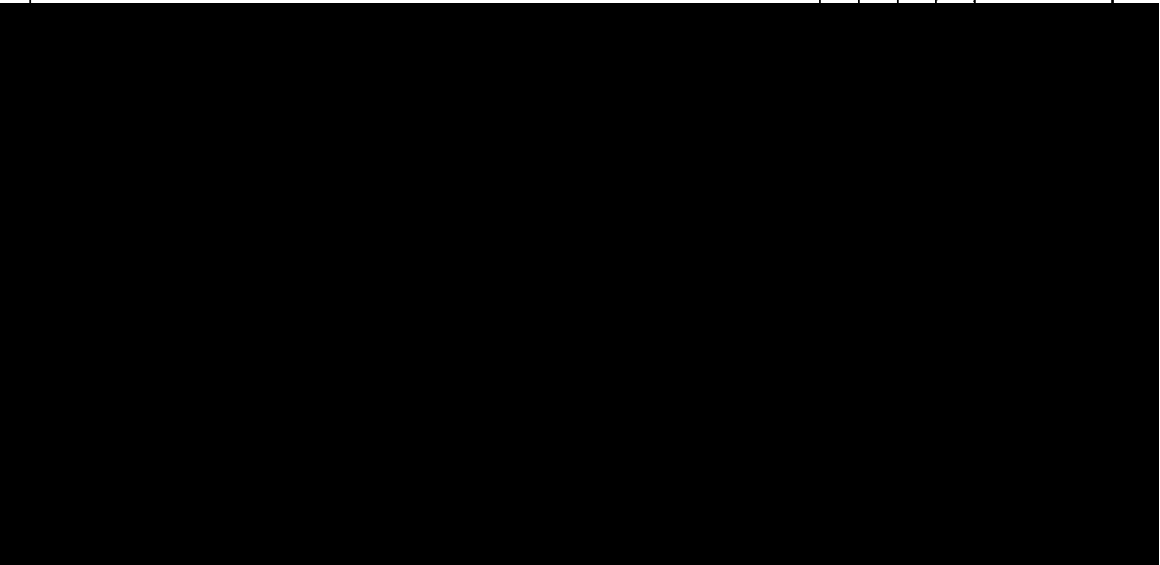
ECOA KEY: B=BORROWER; C=CO-BORROWER; S=SHARED JOINT; U=UNDESIGNATED; A=AUTHORIZED USER

The information is furnished in response to an inquiry for the purpose of evaluating credit risks. It has been obtained from sources deemed reliable, the accuracy of which this organization does not guarantee. The Inquirer has agreed to indemnify that reporting bureau for any damage arising from misuse of this information, and this report is furnished in reliance upon that indemnity. This report is prepared in strict confidence and complies with the provisions of Public Law 91-508, the Fair Credit Reporting Act. Reporting bureau certifies that all Residential Mortgage Credit Reports meet the standards prescribed by FNMA, FHMC, FHA, VA & the Farmers Home Administration.

INFO1



BENNETT, LESLIE				BENNETT, PAUL									
CREDIT HISTORY													
E C O A	CREDITOR NAME ACCOUNT NUMBER	DATE REPORTED	DATE OPENED	LAST ACTIVITY DATE	HIGH CREDIT	BALANCE OWING	AMOUNT PAST DUE	HISTORICAL STATUS			PRESENT STATUS (REMARKS)		
								NA	30	60		90	



***** ACCOUNTS WITH BALANCES *****



Reporting Bureau complies with standards that Fannie Mae, Freddie Mac, Department of Housing and Urban Development/FHA, Veterans Administration, and the Farmers Home Administration prescribe for a Residential Mortgage Credit Report

This information is furnished in response to an inquiry for the purpose of evaluating credit risks. It has been obtained from sources deemed reliable; the accuracy of which this organization does not guarantee. The inquirer has agreed to indemnify the reporting bureau for any damage arising from misuse of this information and this report is furnished in reliance upon that indemnity. It must be held in strict confidence, and must not be revealed to the subject reported on and complies with the provisions of Public Law 91-508, the Fair Credit Reporting Act.

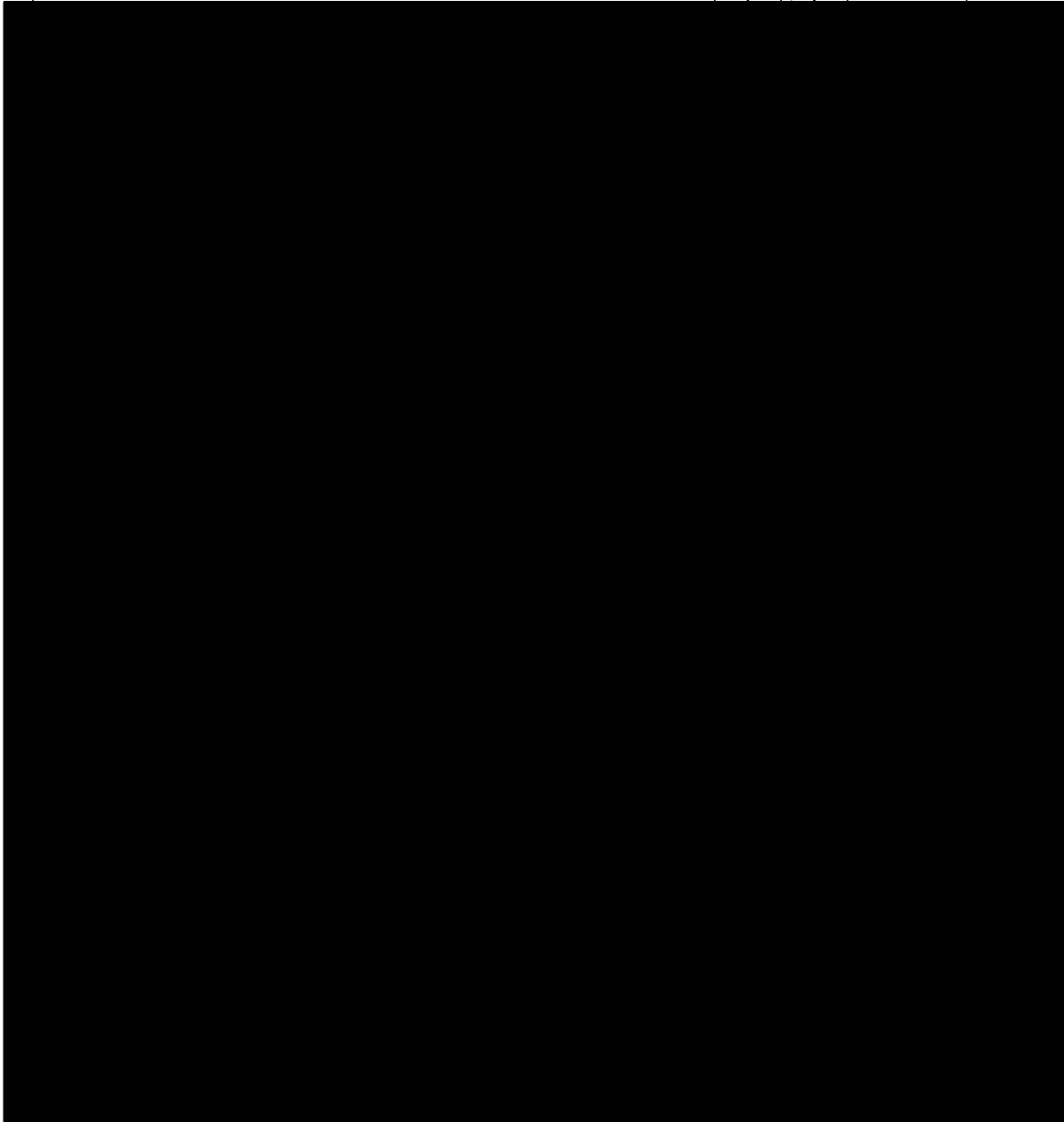
INFO1

23622 CALABASAS ROAD SUITE 123
 CALABASAS, CA 91302 (800) 487-4887



REPORT FOR: PEOPLES CHOICE HOME LOAN INC IRVINE, CA 92618 2330B110

APPLICANT		CO-APPLICANT										
BENNETT, LESLIE		BENNETT, PAUL										
CREDIT HISTORY												
E C O A	CREDITOR NAME ACCOUNT NUMBER	DATE REPORTED	DATE OPENED	LAST ACTIVITY DATE	HIGH CREDIT	BALANCE OWING	AMOUNT PAST DUE	HISTORICAL STATES			PRESENT STATUS (REMARKS)	
								NO	30	60		90



Reporting Bureau complies with standards that Fannie Mae, Freddie Mac, Department of Housing and Urban Development/FHA, Veterans Administration, and the Farmers Home Administration prescribe for a Residential Mortgage Credit Report

This information is furnished in response to an inquiry for the purpose of evaluating credit risks. It has been obtained from sources deemed reliable; the accuracy of which this organization does not guarantee. The inquirer has agreed to indemnify the reporting bureau for any damage arising from misuse of this information and this report is furnished in reliance upon that indemnity. It must be held in strict confidence, and must not be revealed to the subject reported on and complies with the provisions of Public Law 91-508, the Fair Credit Reporting Act.

INFO1

23622 CALABASAS ROAD SUITE 123
CALABASAS, CA 91302 (800)487-4887

REPORT FOR: PEOPLES CHOICE HOME LOAN INC IRVINE, CA 92618

APPLICANT	NAME	CO-APPLICANT
BENNETT, LESLIE		BENNETT, PAUL

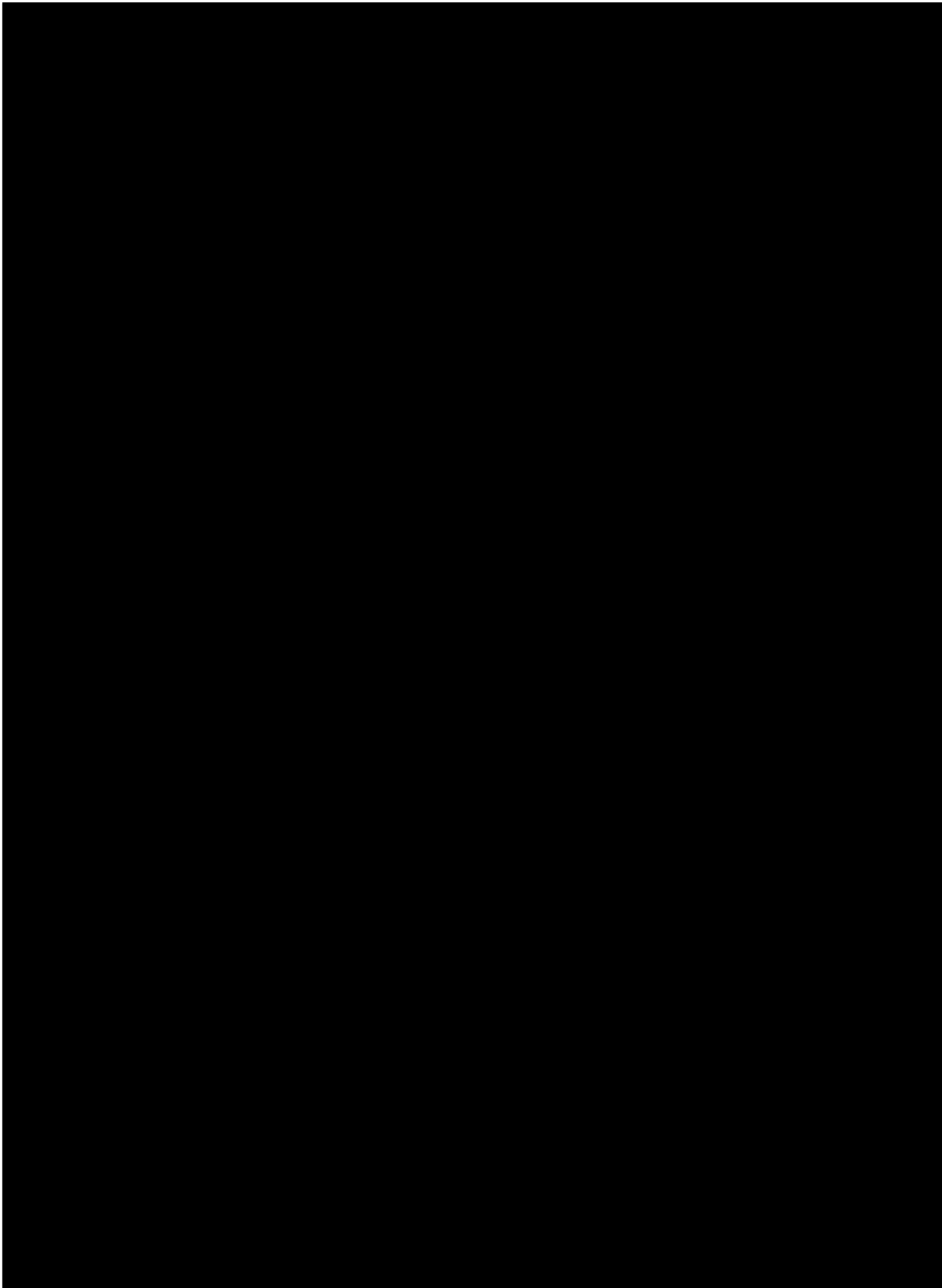
CREDIT HISTORY									
CREDITOR NAME	DATE		LAST	HIGH	BALANCE	AMOUNT	STATUS	REMARKS	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Farmers Home Administration prescribes a Residential Mortgage Credit Report

This information is furnished in response to an inquiry for the purpose of evaluating credit risks. It has been obtained from sources deemed reliable; the accuracy of which this organization does not guarantee. The inquirer has agreed to indemnify the reporting bureau for any damage arising from misuse of this information and this report is furnished in reliance upon that indemnity. It must be held in strict confidence, and must not be revealed to the subject reported on and complies with the provisions of Public Law 91-508, the Fair Credit Reporting Act.

INFO1

23622 CALABASAS ROAD SUITE 123
CALABASAS, CA 91302 (800)487-4887

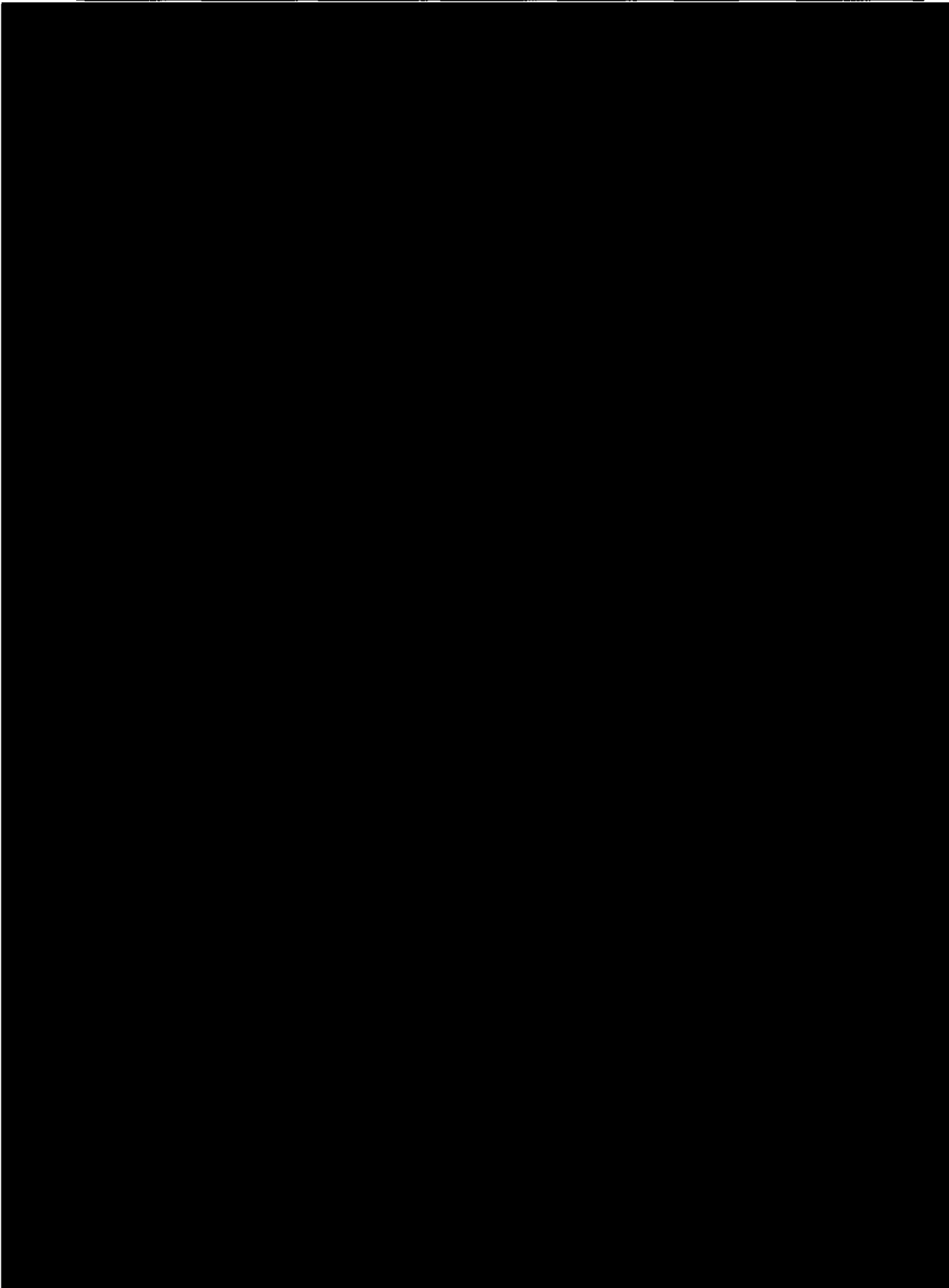


accuracy of which this organization does not guarantee. The inquirer has agreed to indemnify the reporting bureau for any damage arising from misuse of this information and this report is furnished in reliance upon that indemnity. It must be held in strict confidence, and must not be revealed to the subject reported on and complies with the provisions of Public Law 91-508, the Fair Credit Reporting Act.

INFO1

23622 CALABASAS ROAD
CALABASAS, CA 91302

SUITE 123
(800) 487-4887

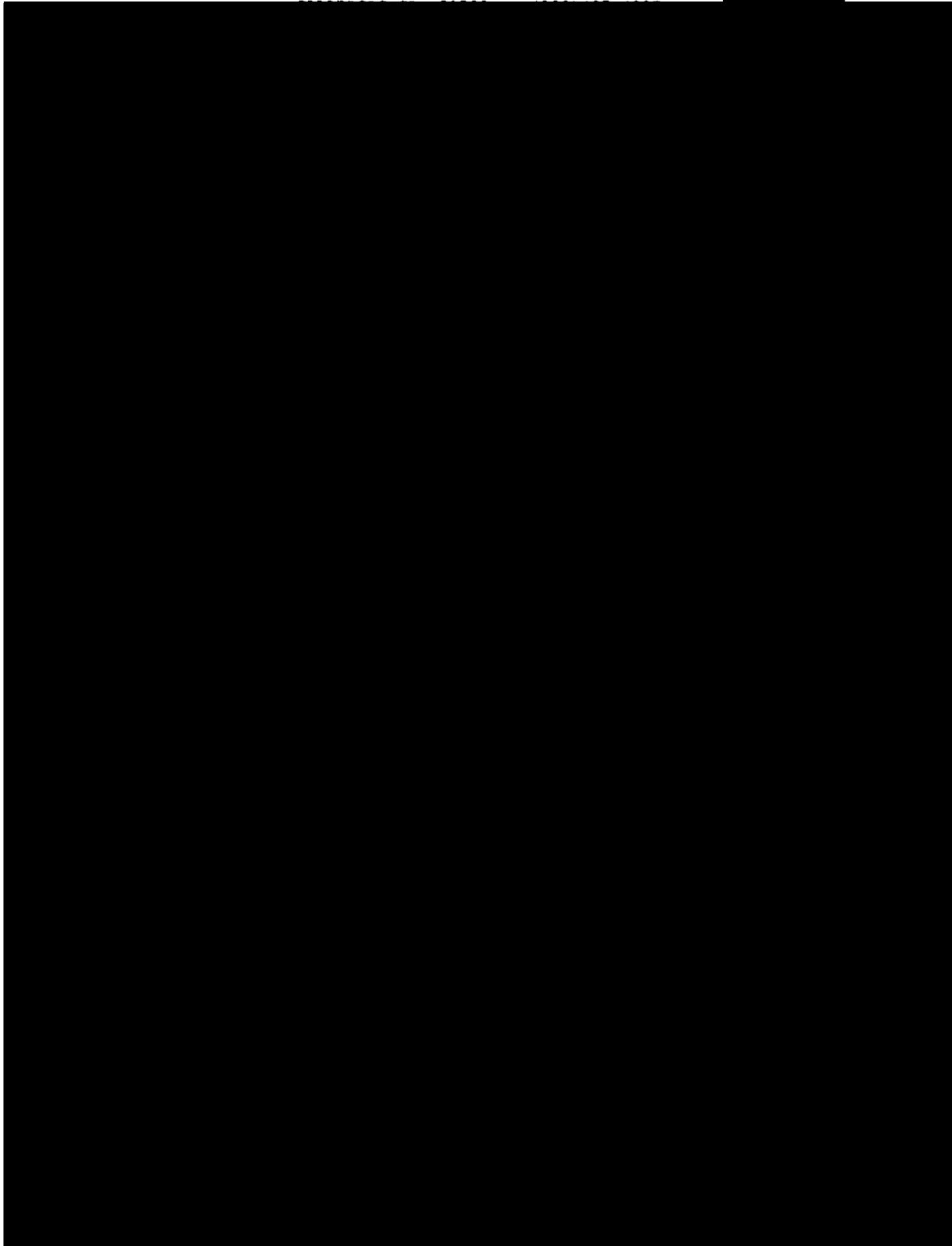


This information is furnished in response to an inquiry for the purpose of overseeing court cases. It has been obtained from sources whose reliability and accuracy of which this organization does not guarantee. The inquirer has agreed to indemnify the reporting bureau for any damage arising from misuse of this information and this report is furnished in reliance upon that indemnity. It must be held in strict confidence, and must not be revealed to the subject reported on and complies with the provisions of Public Law 91-508, the Fair Credit Reporting Act.

INFO1

23622 CALABASAS ROAD

SUITE 123

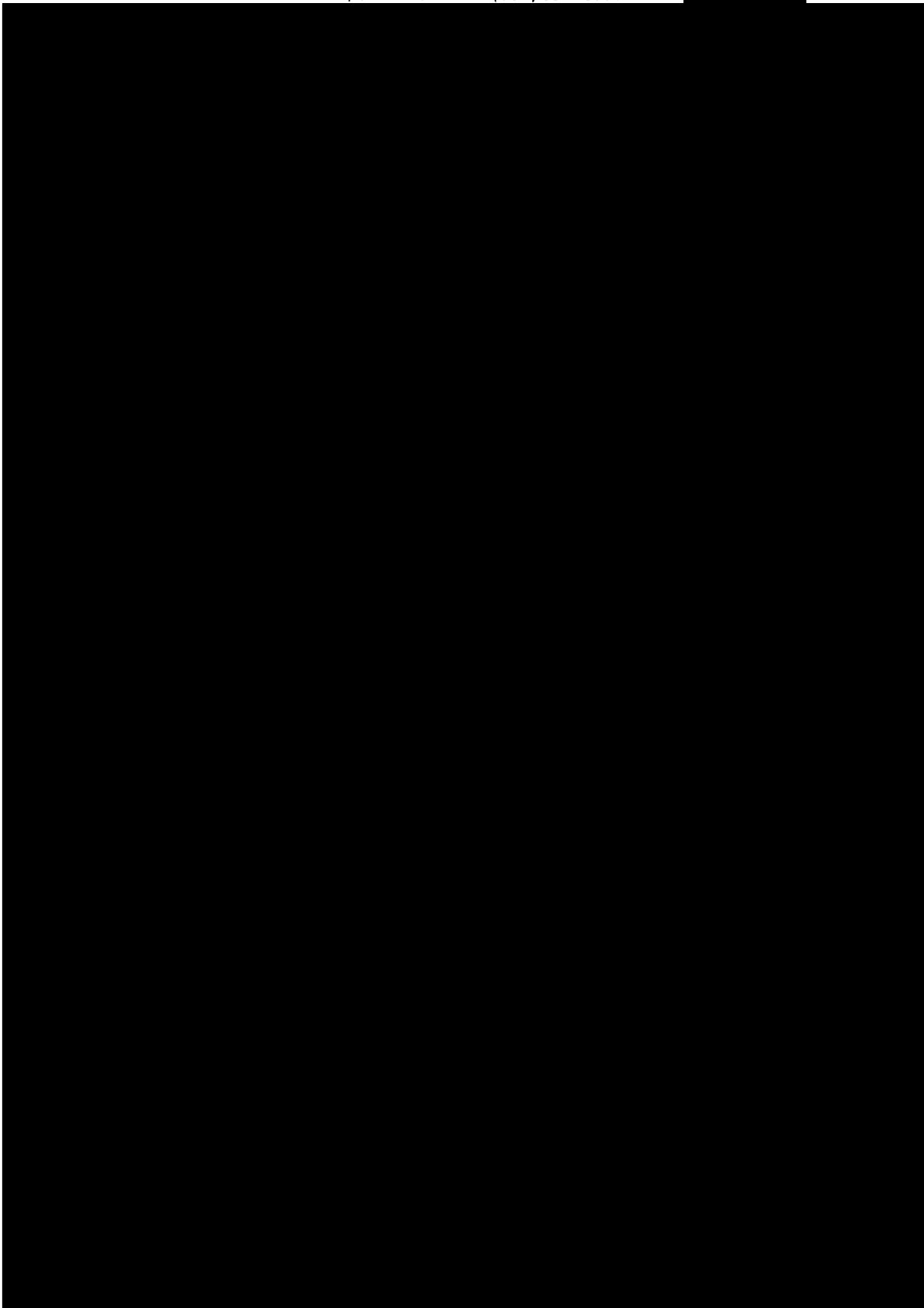


Fairfax Home Administration prescribes a Residential Mortgage Credit Report

This information is furnished in response to an inquiry for the purpose of evaluating credit risks. It has been obtained from sources deemed reliable; the accuracy of which this organization does not guarantee. The inquirer has agreed to indemnify the reporting bureau for any damage arising from misuse of this information and this report is furnished in reliance upon that indemnity. It must be held in strict confidence, and must not be revealed to the subject reported on and complies with the provisions of Public Law 91-508, the Fair Credit Reporting Act.

INFO1

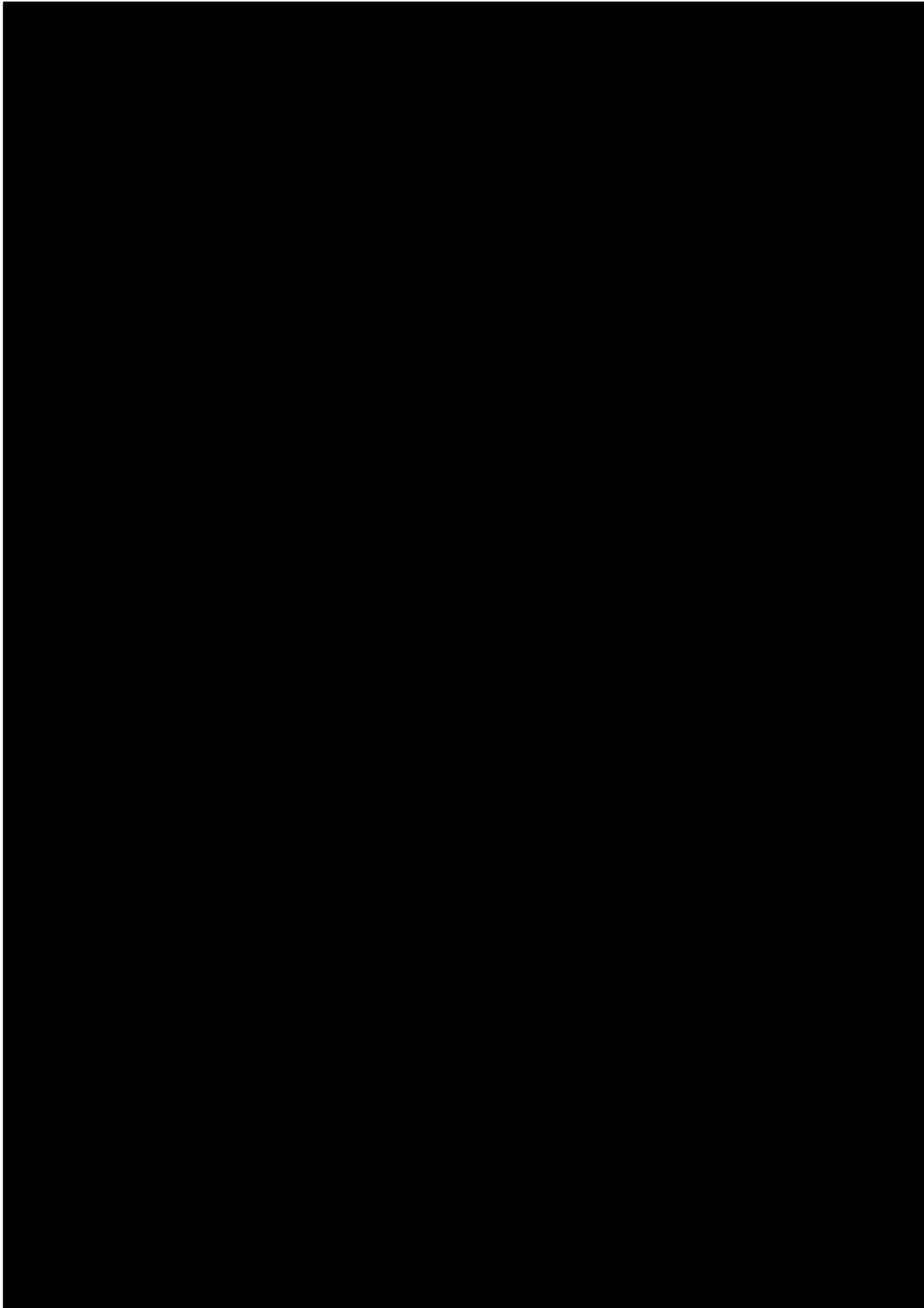
23622 CALABASAS ROAD SUITE 123
CALABASAS, CA 91302 (800) 487-4887



INFO1

23622 CALABASAS ROAD
CALABASAS, CA 91302

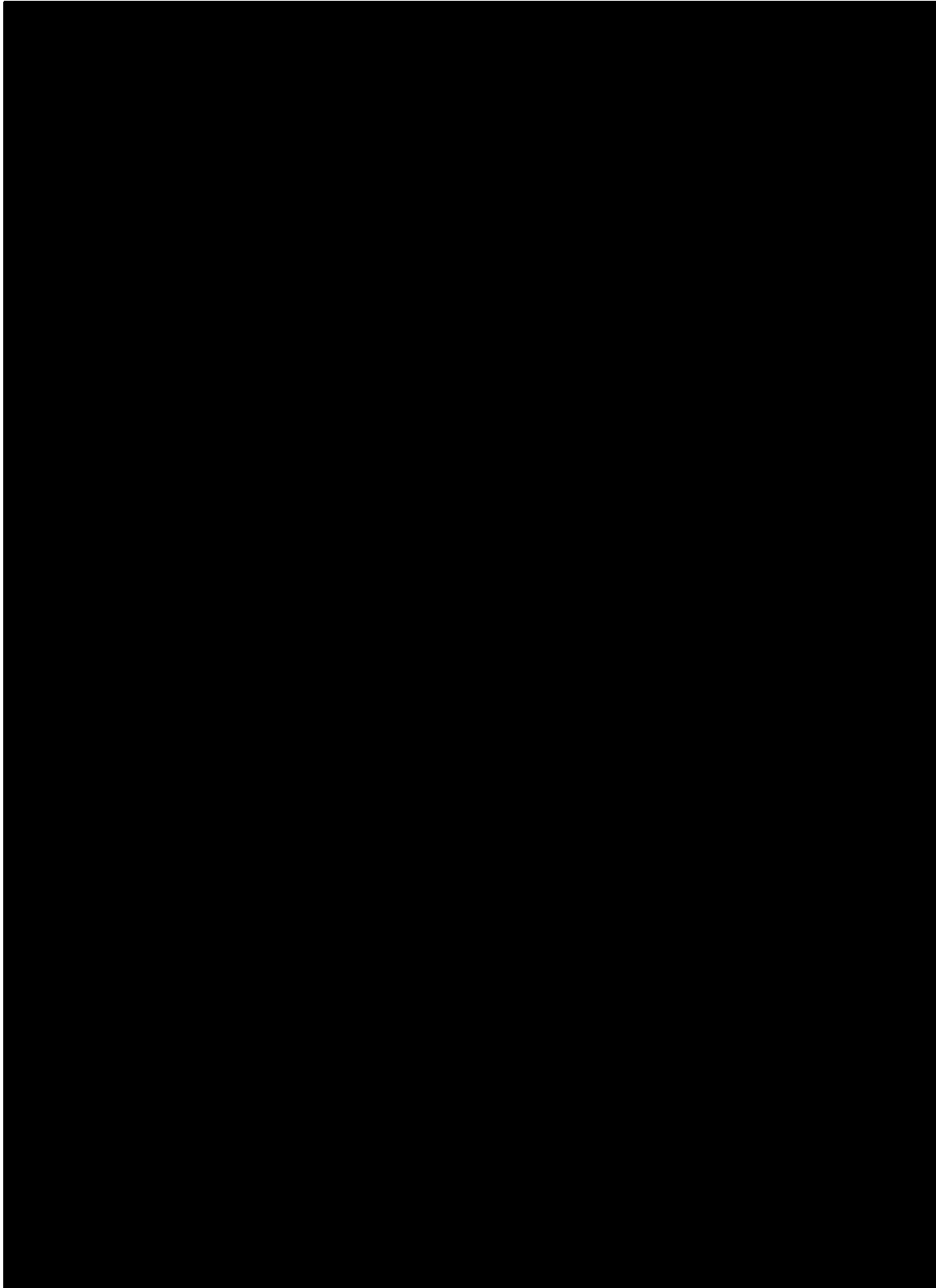
SUITE 123
(800) 487-4887



accuracy of which this organization does not guarantee. The inquirer has agreed to indemnify the reporting bureau for any damage arising from misuse of this information and this report is furnished in reliance upon that indemnity. It must be held in strict confidence, and must not be revealed to the subject reported on and complies with the provisions of Public Law 91-508, the Fair Credit Reporting Act.

INFO1

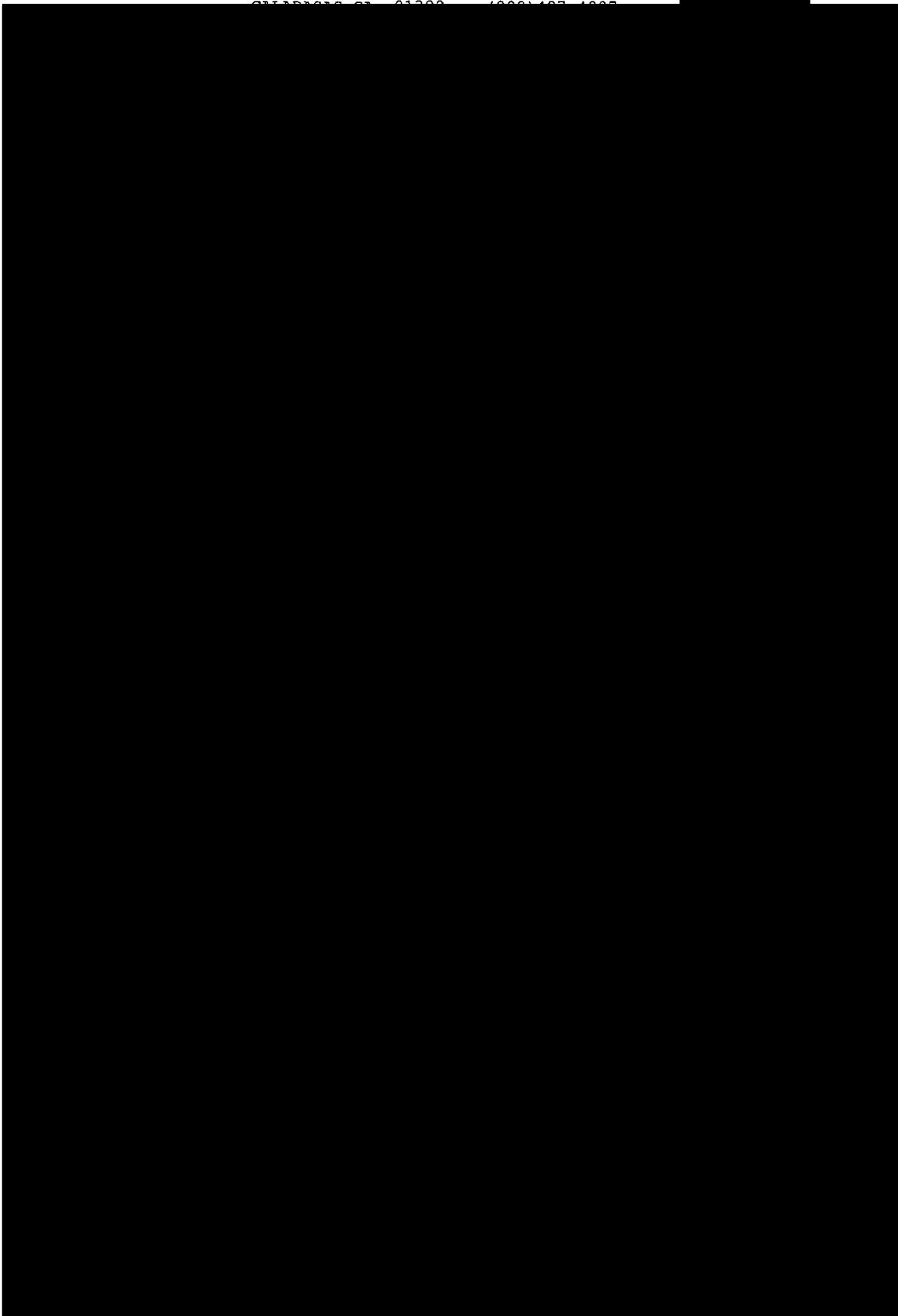
23622 CALABASAS ROAD SUITE 123
CALABASAS, CA 91302 (800)487-4887



accuracy of which this organization does not guarantee. The inquirer has agreed to indemnify the reporting bureau for any damage arising from misuse of this information and this report is furnished in reliance upon that indemnity. It must be held in strict confidence, and must not be revealed to the subject reported on and complies with the provisions of Public Law 91-508, the Fair Credit Reporting Act.

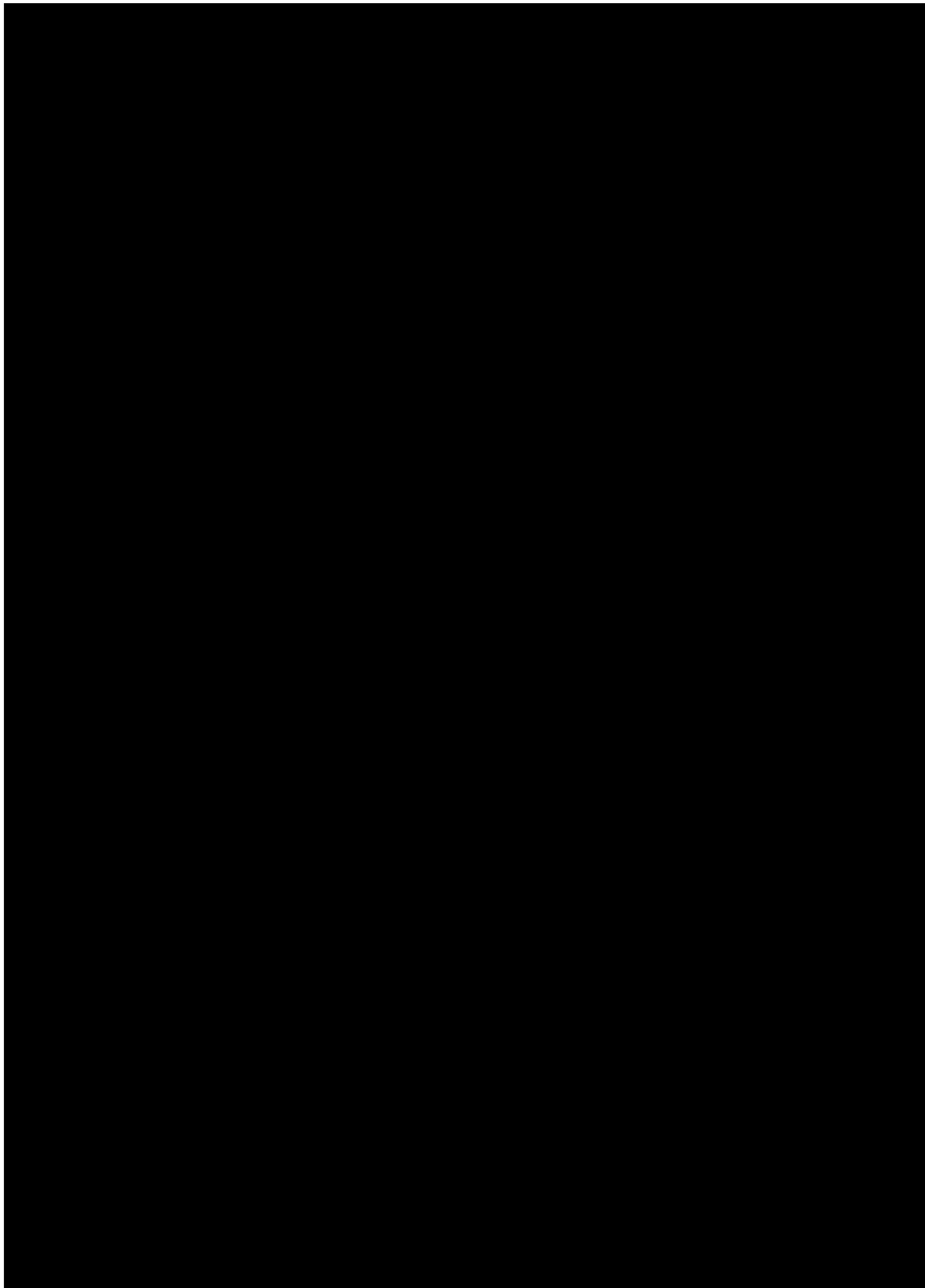
INFO1

23622 CALABASAS ROAD SUITE 123



INFO1

23622 CALABASAS ROAD SUITE 123
CALABASAS, CA 91302 (800)487-4887



reported on and complies with the provisions of Public Law 91-508, the Fair Credit Reporting Act.

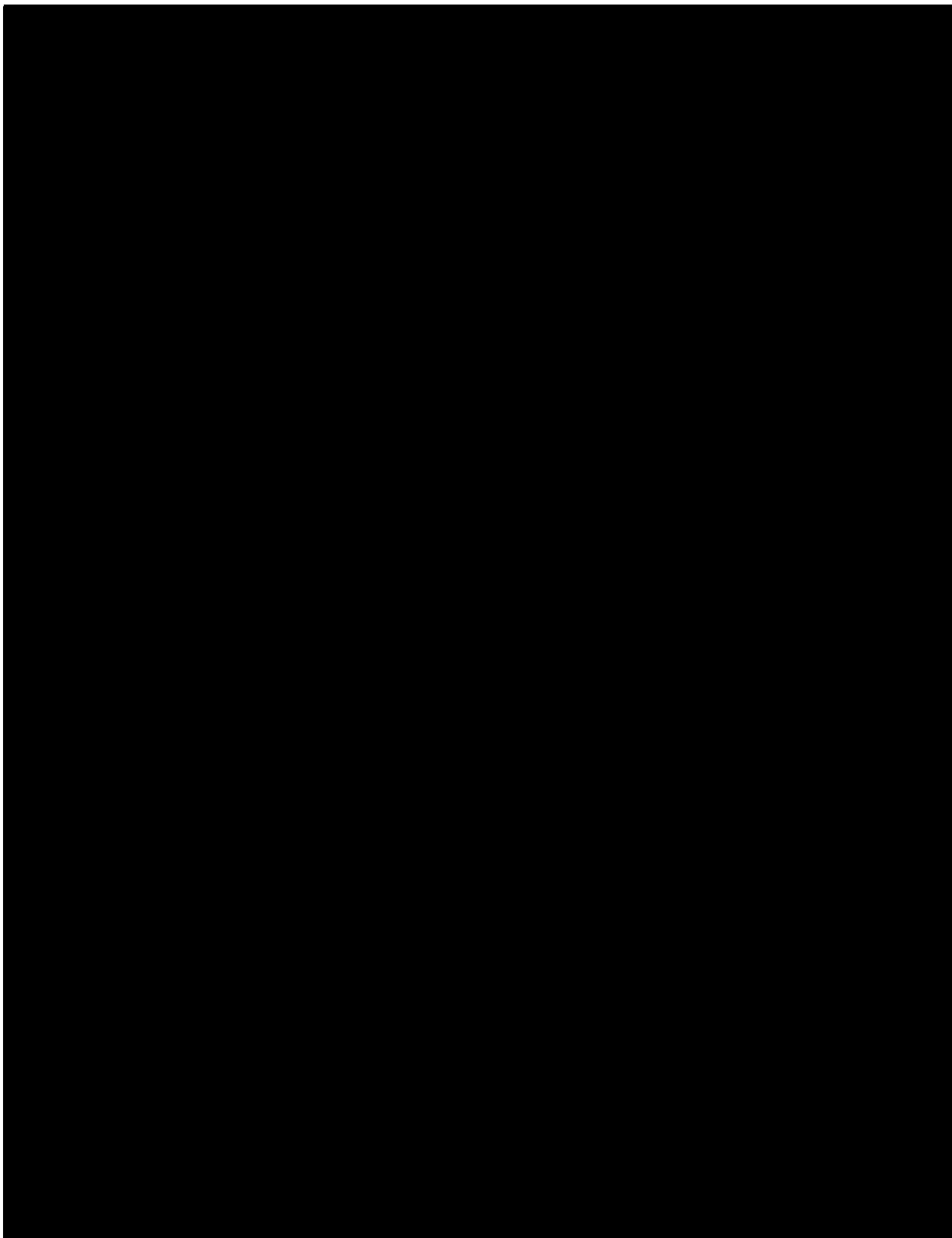
INFO1

[REDACTED]

[REDACTED]

[REDACTED]

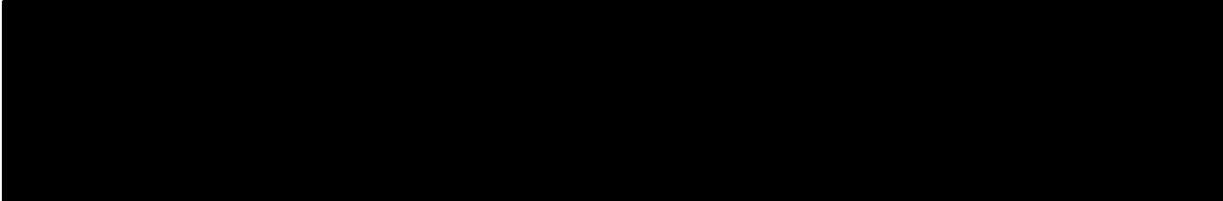
15



accuracy of which this organization does not guarantee. The inquirer has agreed to indemnify the reporting bureau for any damage arising from misuse of this information and this report is furnished in reliance upon that indemnity. It must be held in strict confidence, and must not be revealed to the subject reported on and comply with the provisions of Public Law 91-508, the Fair Credit Reporting Act.

INFO1

REGIONAL OFFICE:	LANDAMERICA 23622 CALABASAS ROAD CALABASAS, CA 91302 (800)487-4887 FAX: (800)488-4889
FOR:	PEOPLES CHOICE HOME LOAN INC 7515 IRVINE CENTER DR IRVINE, CA 92618



NOTICE TO THE HOME LOAN APPLICANT

In connection with your application for a home loan, the lender must disclose to you the score that a credit bureau distributed to users and the lender used in connection with your home loan, and the key factors affecting your credit scores.

The credit score is a computer-generated summary calculated at the time of the request and based on information a credit bureau or lender has on file. The scores are based on data about your credit history and payment patterns. Credit scores are important because they are used to assist the lender in determining whether you will obtain a loan. They may also be used to determine what interest rate you may be offered on the mortgage. Credit scores can change over time, depending on your conduct, how your credit history and payment patterns change, and how credit scoring technologies change.

Because the score is based on information in your credit history, it is very important that you review the credit-related information that is being furnished to make sure it is accurate. Credit records may vary from one company to another.

If you have questions about your credit score or the credit information that is furnished to you, contact the credit bureau at the address and telephone number provided with this notice, or contact the lender, if the lender developed or generated the credit score. The credit bureau plays no part in the decision to take any action on the loan application and is unable to provide you with specific reasons for the decision on a loan application. If you have questions concerning the terms of the loan, contact the lender.

Equifax (EFX) Beacon Score
PO Box 105873
Atlanta, GA 30348
Toll Free (888) 841-7335
www.equifax.com

Experian (XPNY) Fair Isaac Score
PO Box 9601
Allen, TX 75013-2104
Toll Free (888) 397-3742
www.experian.com

TransUnion (TUC) Empirica Score
PO Box 4000
Chester, PA 19016
Toll Free (866) 887-2673
www.transunion.com

For valuable information about how credit scores are developed, please visit:

Fair, Isaac and Company (FICO)
www.fairisaac.com
200 Smith Ranch Road
San Rafael, CA 94903
Ph: (415) 472-2211

INFORMATION REGARDING YOUR CREDIT SCORE IS LOCATED BELOW

- 1) THE DATE THE CREDIT SCORE WAS GENERATED IS THE SAME AS THE DATE ON WHICH THE REPORT IS ORDERED. THE DATE ORDERED IS LISTED ABOVE IN THE TOP LEFT-HAND CORNER.
- 2) THE KEY FACTORS AFFECTING YOUR CREDIT SCORES ARE LOCATED DIRECTLY BELOW EACH SCORE UNDER THE HEADING OF COMMENTS. NOTE THAT THE NUMBER IN FRONT OF THE EXPLANATION IS ONLY A CODE FOR THAT KEY FACTOR.
- 3) THE SCORE RANGE FOR THE MODELS USED TO SCORE YOUR CREDIT IS 300-850.
- 4) THE CONTACT INFORMATION AND THREE LETTER ABBREVIATION FOR EACH CREDIT BUREAU IS LOCATED ABOVE.

***** RISK SCORING RESULTS *****



Information is furnished in response to an inquiry for the purpose of evaluating credit risks. It has been obtained from sources deemed reliable, the accuracy of which this organization does not guarantee. By accepting this report the inquirer has agreed to hold this information in strict confidence and is indemnifying the reporting bureau for any damage arising from the use of this information.



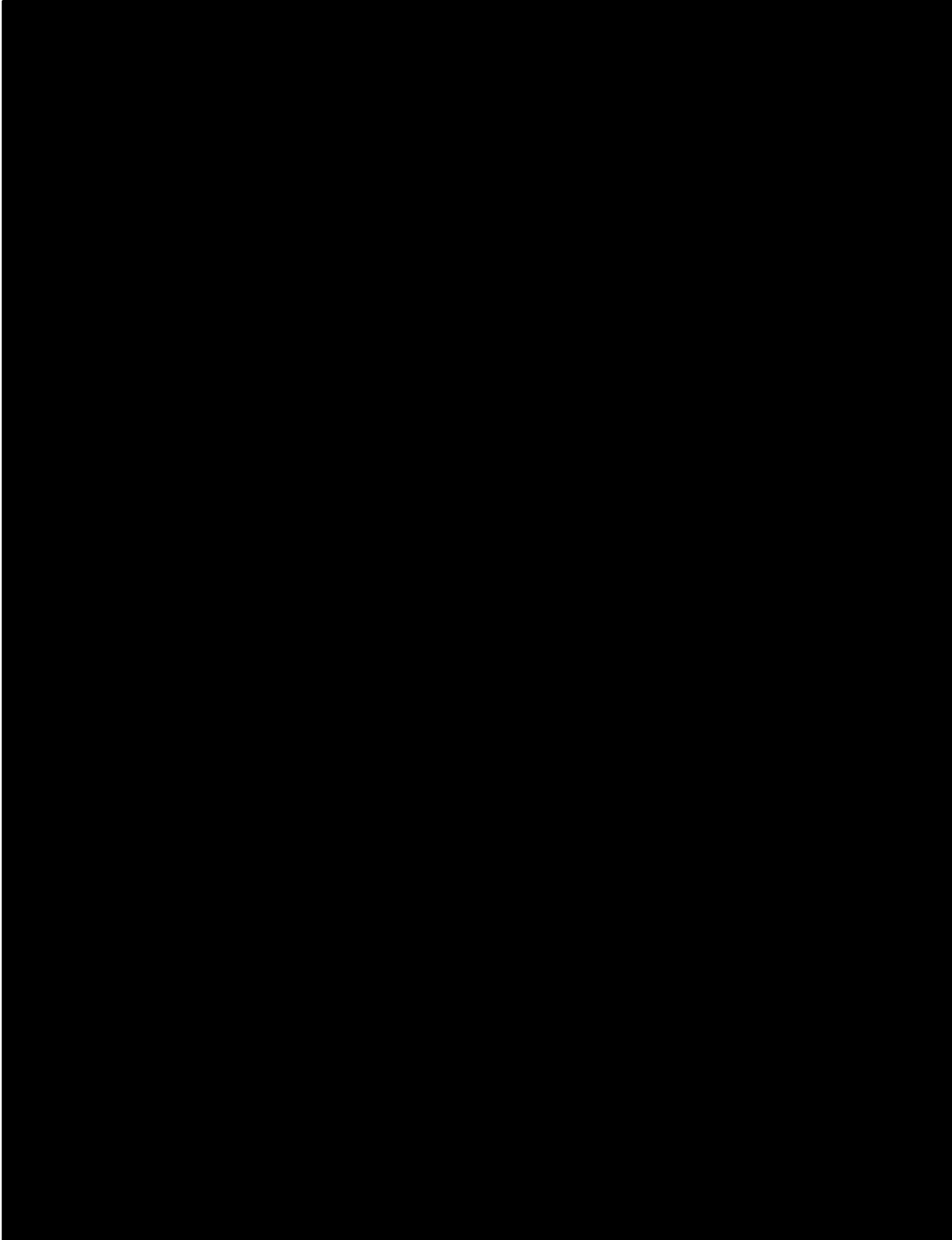
Certified Credit Link
1415 E. Colorado Suite 201
Glendale, CA 91205
Phone: 818 500-0496
Fax: 818 500-0497

CREDIT REPORT

Report No
346370

Provided For: MC FUNDING, INC N65661
20 CORPORATE PARK #175
IRVINE, CA 92606

Date Received	Date Issued	Requested By
07/13/2005	7/13/2005	RON FRYBARGER
Loan Type	Job #	Charges
		\$18.66
Sources	Reference #	
XP/TU/SF		



ECOA KEY: B=BORROWER; C=CO-BORROWER; S=SHARED; J=JOINT; U=UNDESIGNATED; A=AUTHORIZED USER

The information is furnished in response to an inquiry for the purpose of evaluating credit risks. It has been obtained from sources deemed reliable, the accuracy of which this organization does not guarantee. The inquirer has agreed to indemnify this reporting bureau for any damage arising from misuse of this information, and this report is furnished in reliance upon that indemnity. It must be held in strict confidence and comply with the provisions of Public Law 91-508, the Fair Credit Reporting Act. Reporting bureau certifies that all Residential Mortgage Credit Reports meet the standards prescribed by FIDM, FHMC, FSA, VA & the Federal Home Administration.



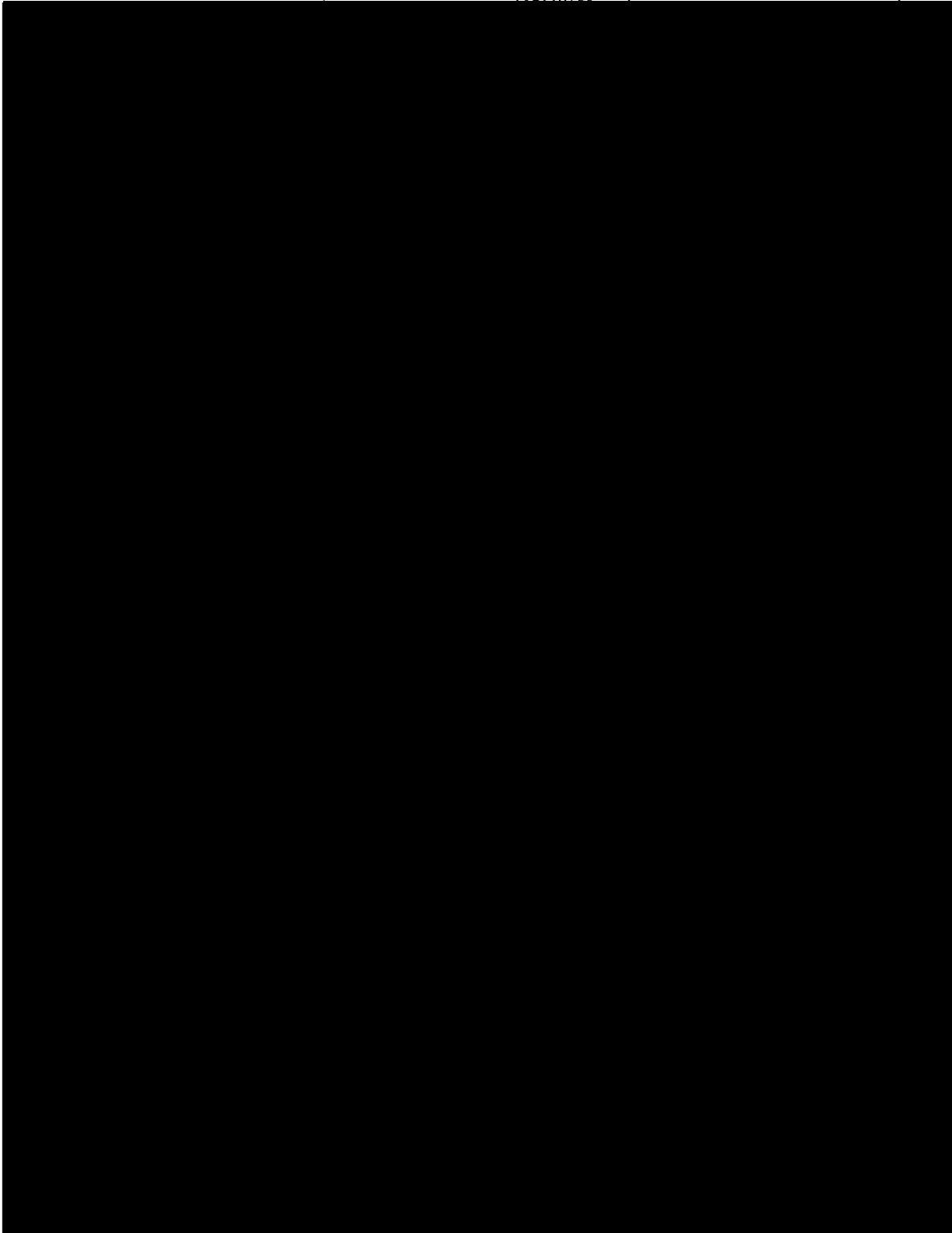
Certified Credit Link
1415 E. Colorado Suite 201
Glendale, CA 91205
Phone: 818 500-0495
Fax: 818 500-0497

CREDIT REPORT

Report No 346370

Provided For: MC FUNDING, INC N65881
20 CORPORATE PARK #175
IRVINE, CA 92606

Date Received 07/13/2005	Date Issued 7/13/2005	Requested By RON FRYBARGER
Loan Type	Job #	Charges \$18.66
Sources XP/CTI/FF	Reference #	



EOA KEY: B=BORROWER; C=CO-BORROWER; S=SHARED; J=JOINT; U=UNDESIGNATED; A=AUTHORIZED USER
The information is furnished in response to an inquiry for the purpose of evaluating credit risk. It has been obtained from sources deemed reliable, the accuracy of which this organization does not guarantee. The lender has agreed to indemnify this reporting bureau for any damage arising from misuse of this information, and this report is furnished in reliance upon that indemnity. It must be held in strict confidence and comply with the provisions of Public Law 91-508, the Fair Credit Reporting Act. Reporting bureau certifies that all Residential Mortgage Credit Reports meet the standards prescribed by FNMA, FHAC, FHA, VA & the Federal Home Administration.



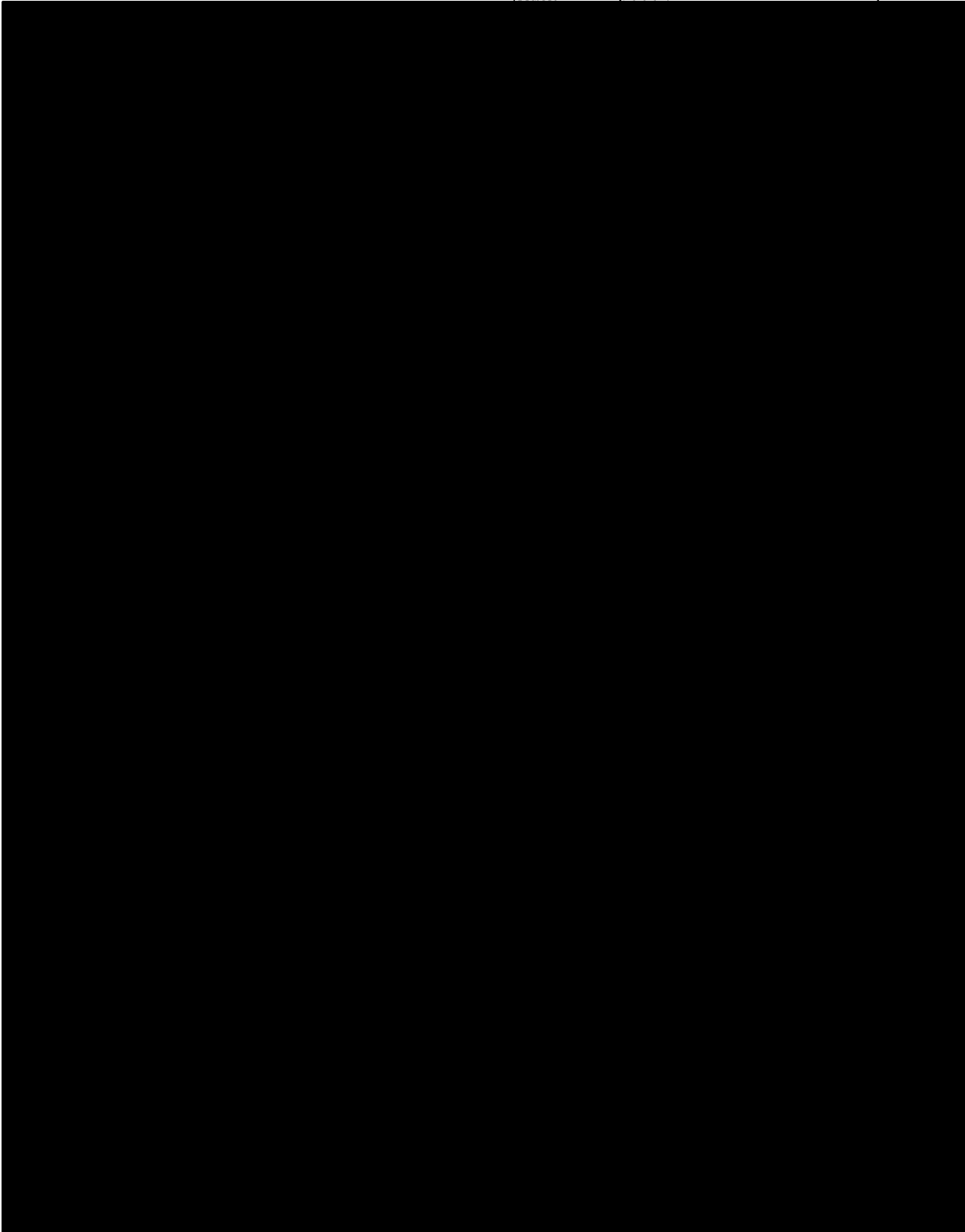
Certified Credit Link
1415 E. Colorado Suite 201
Glendale, CA 91205
Phone: 818 500-0495
Fax: 818 500-0497

CREDIT REPORT

Report No 346370

Provided For: MC FUNDING, INC N65881
20 CORPORATE PARK #175
IRVINE, CA 92606

Date Received 07/13/2005	Date Issued 7/13/2005	Requested By RON FRYBARGER
Loan Type	Job #	Charges \$18.66
Sources	Reference #	



The information is furnished in response to an inquiry for the purpose of evaluating credit risks. It has been obtained from sources deemed reliable, the accuracy of which this organization does not guarantee. The lender has agreed to indemnify the reporting bureau for any damage arising from release of this information, and this report is furnished in confidence upon that indemnity. It must be held in strict confidence and complies with the provisions of Public Law 91-508, the Fair Credit Reporting Act. Reporting bureau certifies that all Residential Mortgage Credit Reports meet the standards prescribed by FNMA, FHLMC, FHA, VA & the Farmers Home Administration.



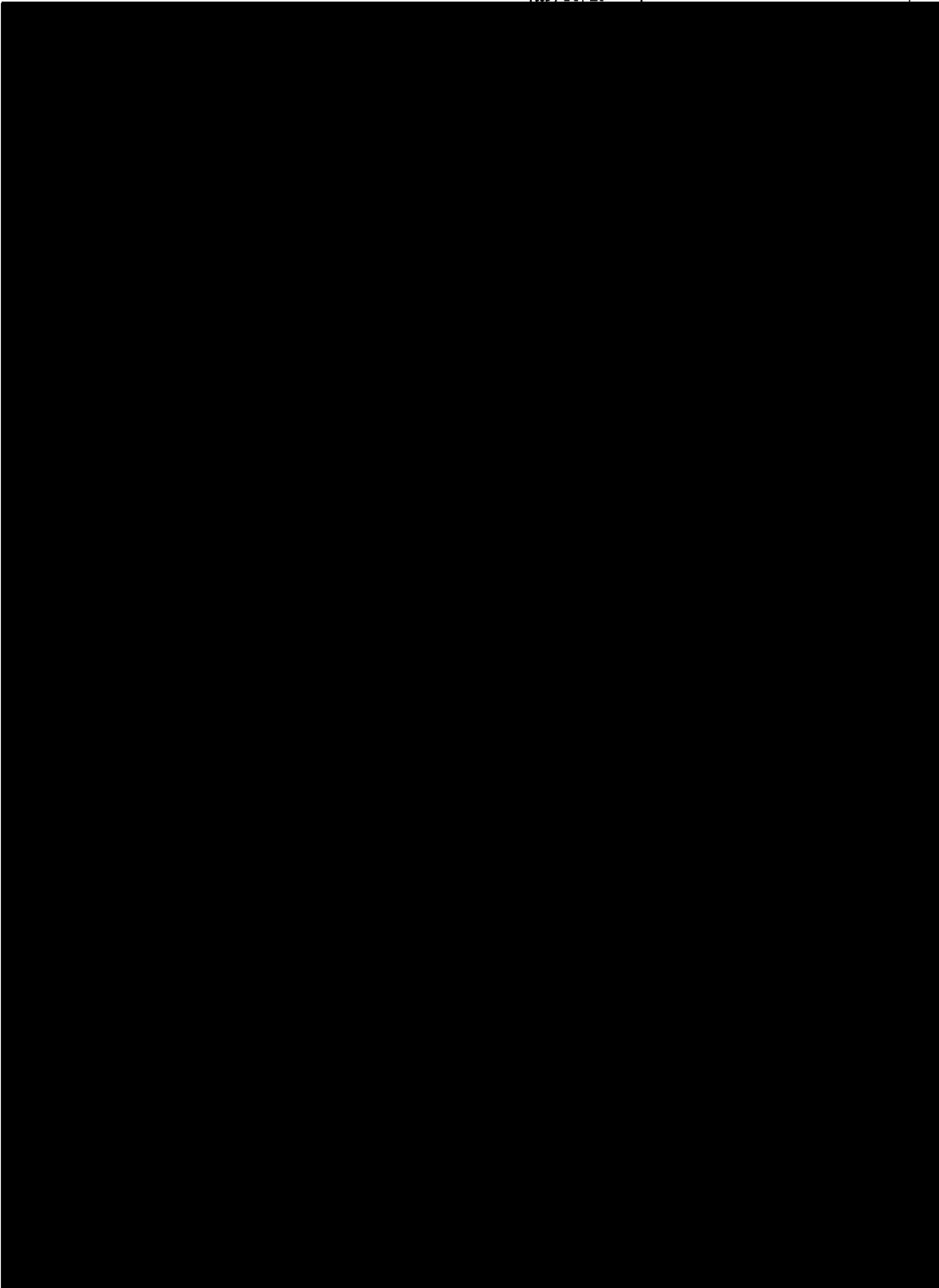
Certified Credit Link
1415 E. Colorado Suite 201
Glendale, CA 91205
Phone: 818 500-0495
Fax: 818 500-0497

CREDIT REPORT

Report No
346370

Provided For: MC FUNDING, INC N65881
20 CORPORATE PARK #175
IRVINE, CA 92606

Date Received 07/13/2005	Date Issued 7/13/2005	Requested By RON FRXBARGER
Loan Type	Job #	Charges \$18.66
Source XP/TU/EP	Reference #	



Be not for any change in any mortgage or the information, and this report is intended to be used only for the purposes of Public Law 91-508, the Fair Credit Reporting Act. Reporting Bureau certifies that all Residential Mortgage Credit Reports meet the standards prescribed by FHIA, FRMC, FHA, VA & the Farmers Home Administration.



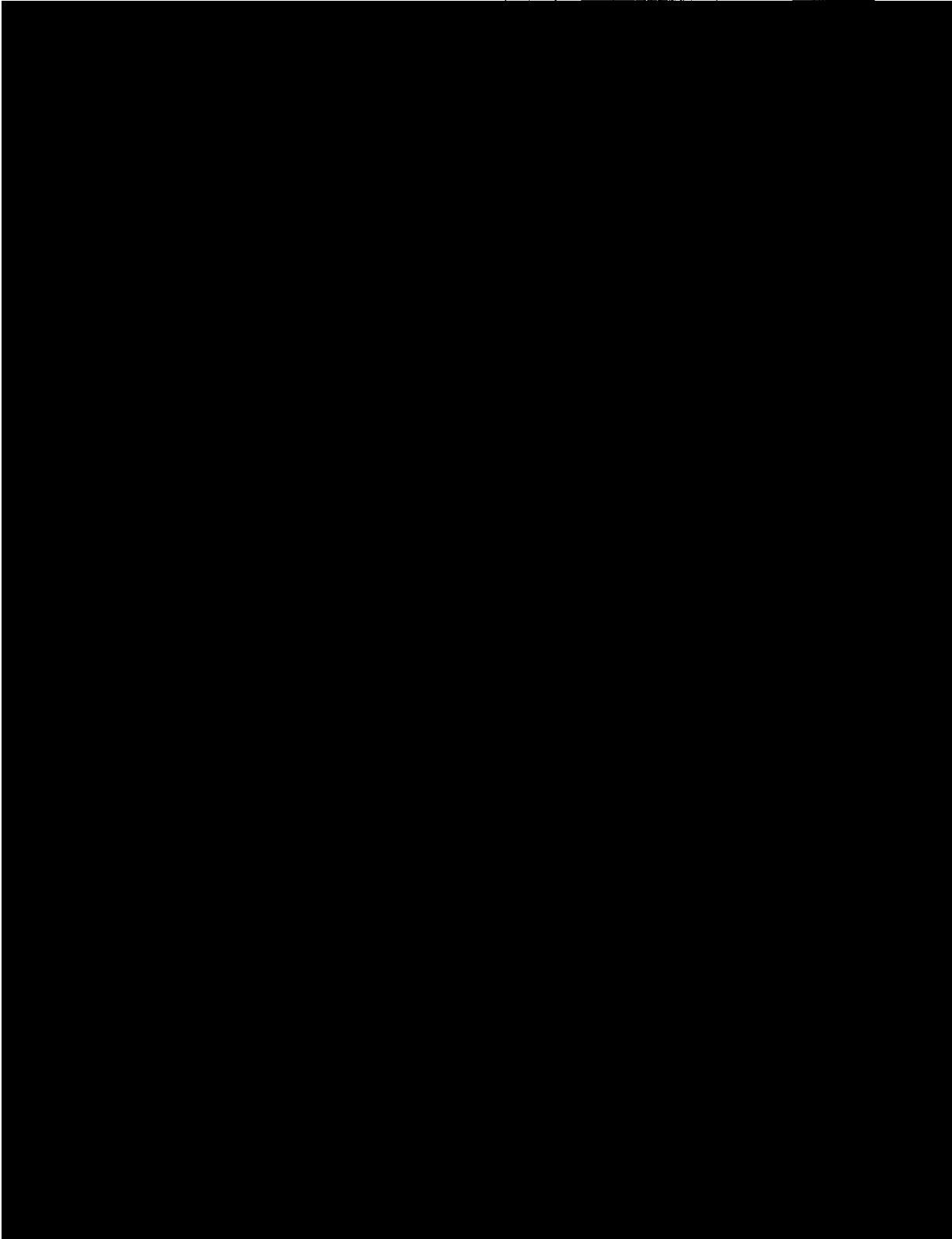
Certified Credit Link
1415 E. Colorado Suite 201
Glendale, CA 91205
Phone: 818 500-0495
Fax: 818 500-0487

CREDIT REPORT

Report No
346370

Provided For: MC FUNDING, INC N65881
20 CORPORATE PARK #175
IRVINE, CA 92606

Date Received	Date Issued	Requested By
07/13/2005	7/13/2005	RON FRYBARGER
Loan Type	Job #	Chargee
		\$18.66
Sources	Reference #	
XP/TU/EF		



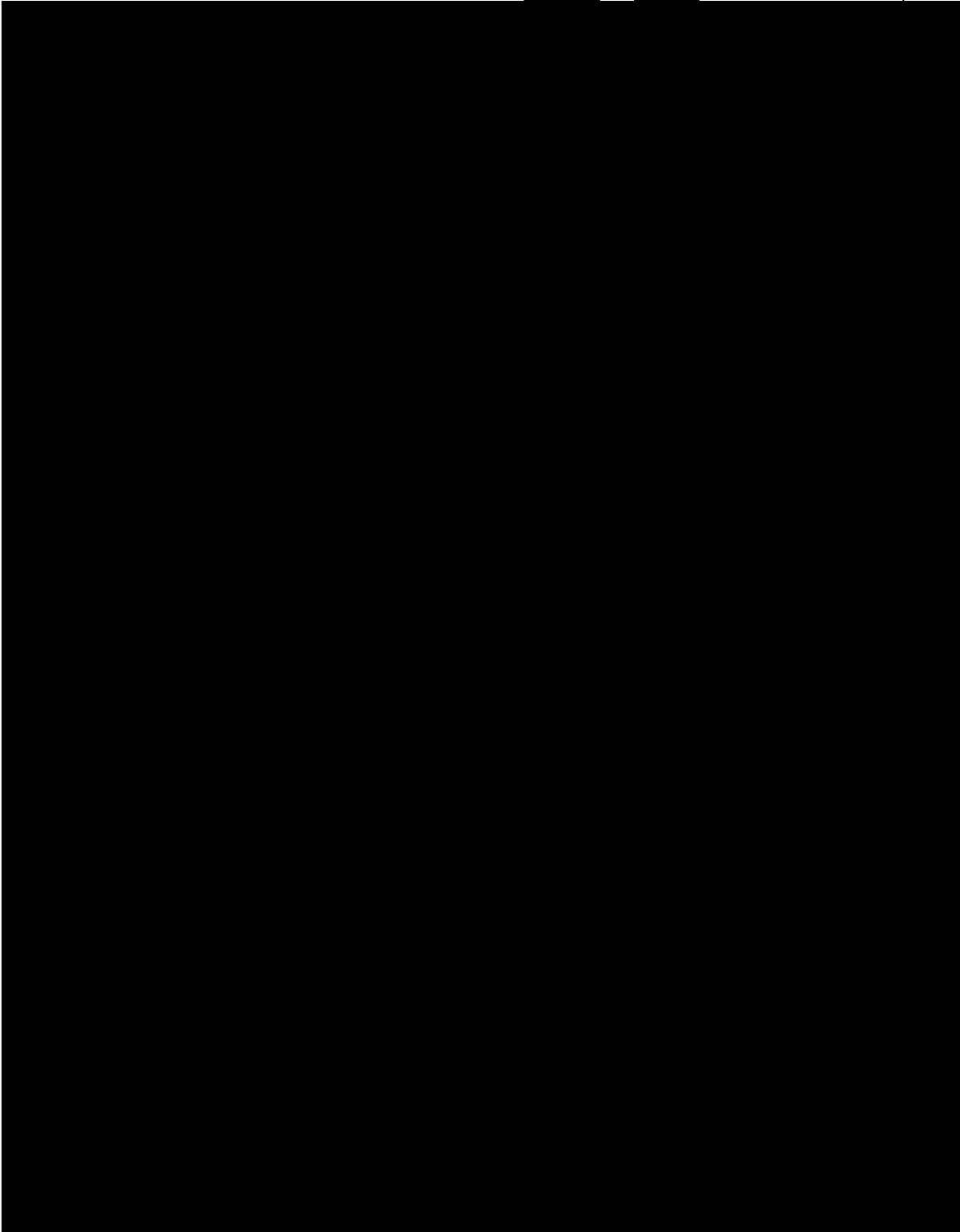
This report is prepared for the purpose of providing information. It is not intended to constitute the accuracy or completeness of the information. The user is responsible for verifying the reporting bureau for any damage arising from misuse of this information, and the report is furnished in reliance upon that liability. It must be held in strict confidence and comply with the provisions of Public Law 91-508, the Fair Credit Reporting Act. Reporting bureau certifies that all Records of Mortgage Credit Reports meet the standards prescribed by FNMA, FHMC, FHA, VA & the Farmers Home Administration.



Certified Credit Link
1415 E. Colorado Suite 201
Glendale, CA 91205
Phone: 818 500-0485
Fax: 818 500-0487

Provided For: MC FUNDING, INC N65881
20 CORPORATE PARK #175
IRVINE, CA 92606

[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	Charges \$18.66



ECOA KEY: B=BORROWER; C=CO-BORROWER; S=SHARED; J=JOINT; U=UNDESIGNATED; A=AUTHORIZED USER

The information is furnished in response to an inquiry for the purpose of evaluating credit data. It has been obtained from sources deemed reliable. The accuracy of which this organization does not guarantee. The requester agrees to indemnify the reporting bureau for any damage arising from reliance on this information, and this report is furnished in reliance upon that indemnity. Receipt is held in strict confidence and complies with the provisions of Public Law 91-508, the Fair Credit Reporting Act. Reporting bureau certifies that all Residential Mortgage Credit Reports meet the standards prescribed by FRAMA, FHAC, FVA, VA & the Federal Home Administration.



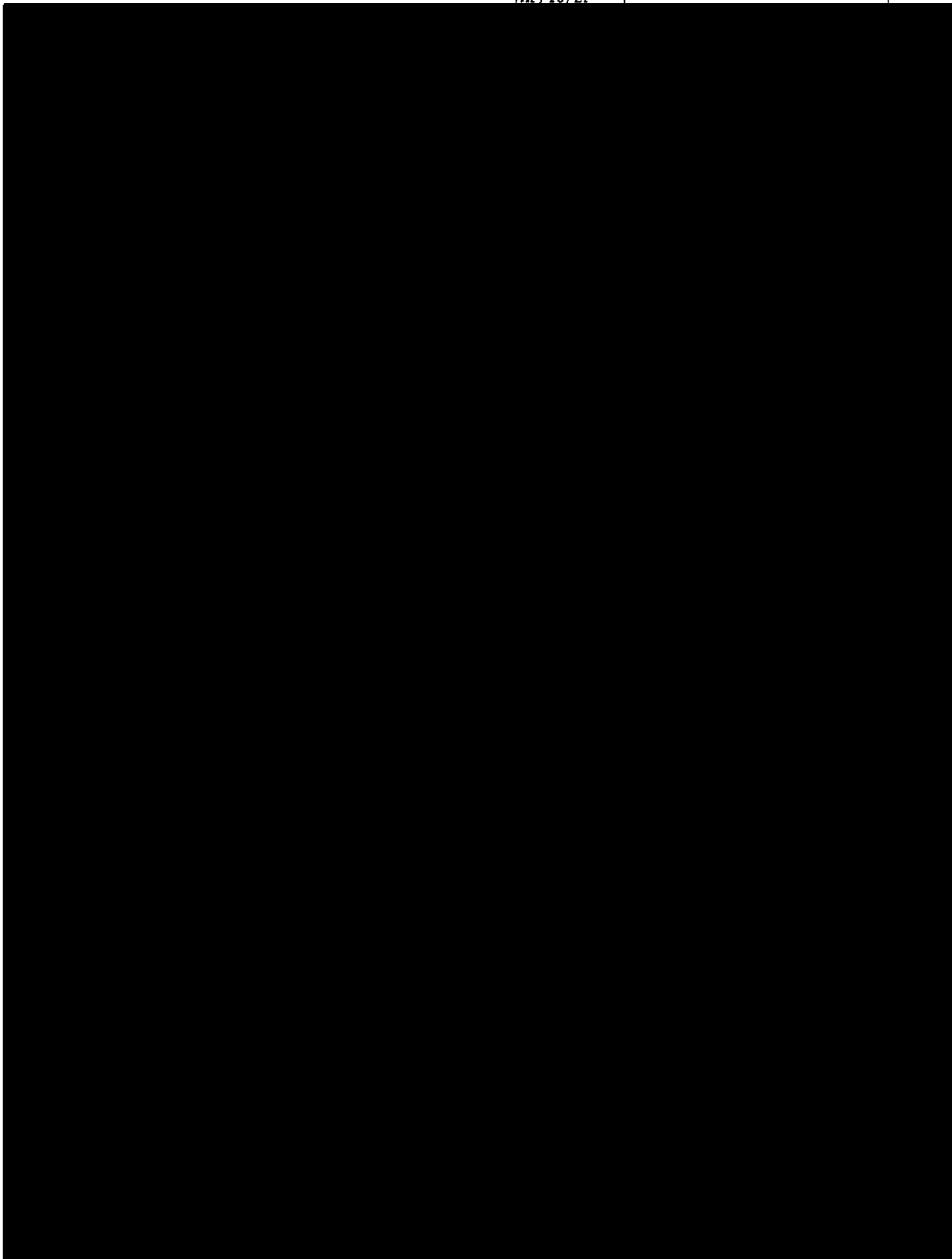
Certified Credit Link
1415 E. Colorado Suite 201
Glendale, CA 91205
Phone: 818 500-0495
Fax: 818 500-0497

CREDIT REPORT

Report No. 346370

Provided For: MC FUNDING, INC N65881
20 CORPORATE PARK #175
IRVINE, CA 92606

Date Received 07/13/2005	Date Issued 7/13/2005	Requested By RON FRYBARGER
Loan Type	Job #	Charges \$18.66
Sources XP/TU/EF	Reference #	



This document is prepared by computer for the purpose of providing credit information. It is not intended to be used as a substitute for a credit report. The lender or servicer may use this information for credit review purposes only. The lender has agreed to indemnify the reporting bureau for any damage arising from misuse of this information, and this report is furnished in reliance upon that indemnity. It must be held in strict confidence and comply with the provisions of Public Law 91-508, the Fair Credit Reporting Act. Reporting bureau certifies that all Residential Mortgage Credit Reports meet the standards prescribed by FNMA, FHMC, FHA, VA & the Farmer Home Administration.



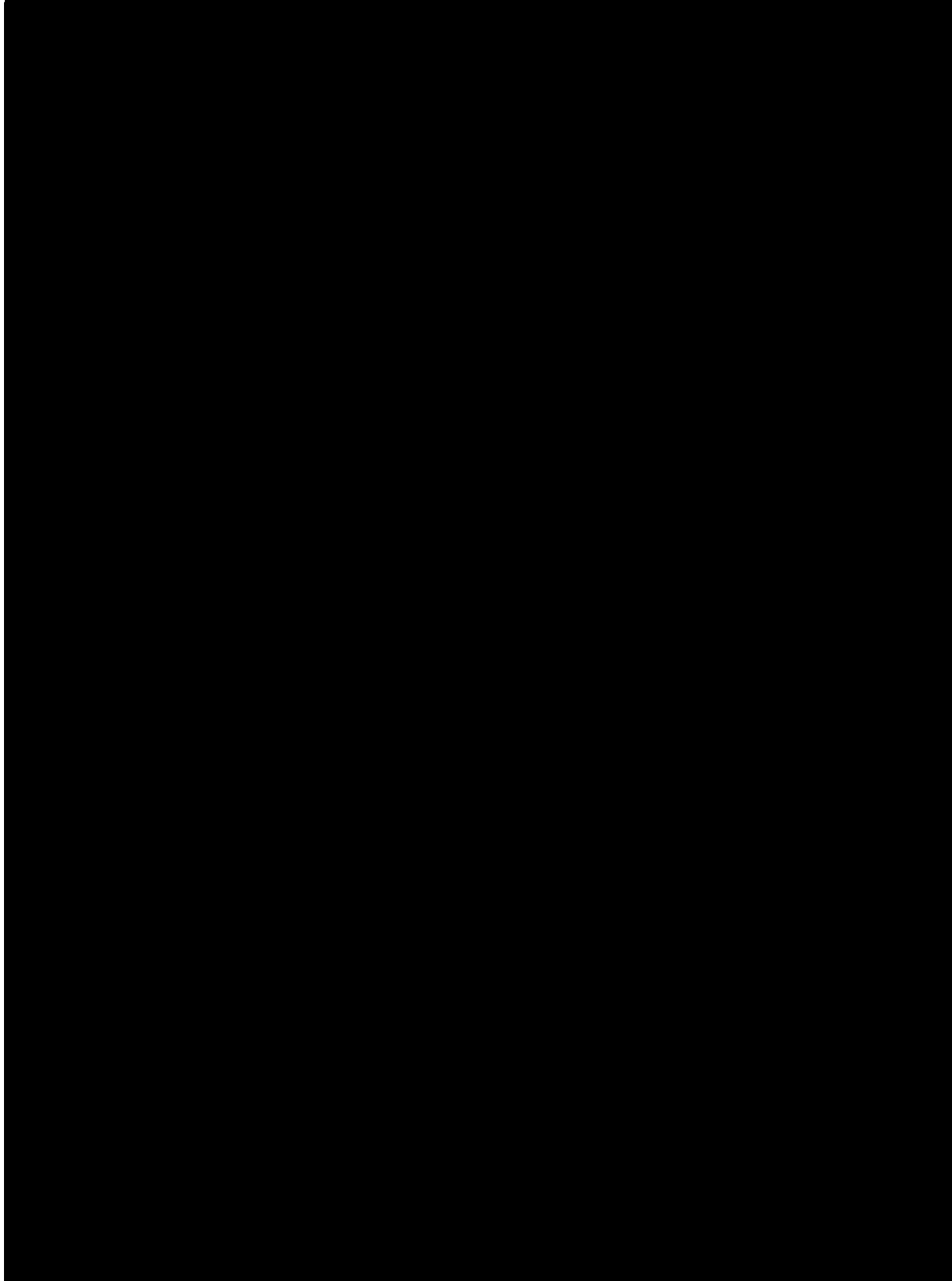
Certified Credit Link
1415 E. Colorado Suite 201
Glendale, CA 91205
Phone: 818 500-0495
Fax: 818 500-0497

CREDIT REPORT

Report No 346370

Provided For: MC FUNDING, INC N65881
20 CORPORATE PARK #175
IRVINE, CA 92606

Date Received 07/13/2005	Date Issued 7/13/2005	Requested By RON FRYBARGER
Loan Type	Job #	Charges \$18.66
Sources XP/TU/BF	Reference #	



Obtain for any business arising from misuse of this information, and this report is furnished to the public under the provisions of Public Law 91-508, the Fair Credit Reporting Act. Reporting bureau certifies that all Residential Mortgage Credit Reports meet the standards prescribed by FNMA, FHLMC, FHA, VA & the Farmers Home Administration.



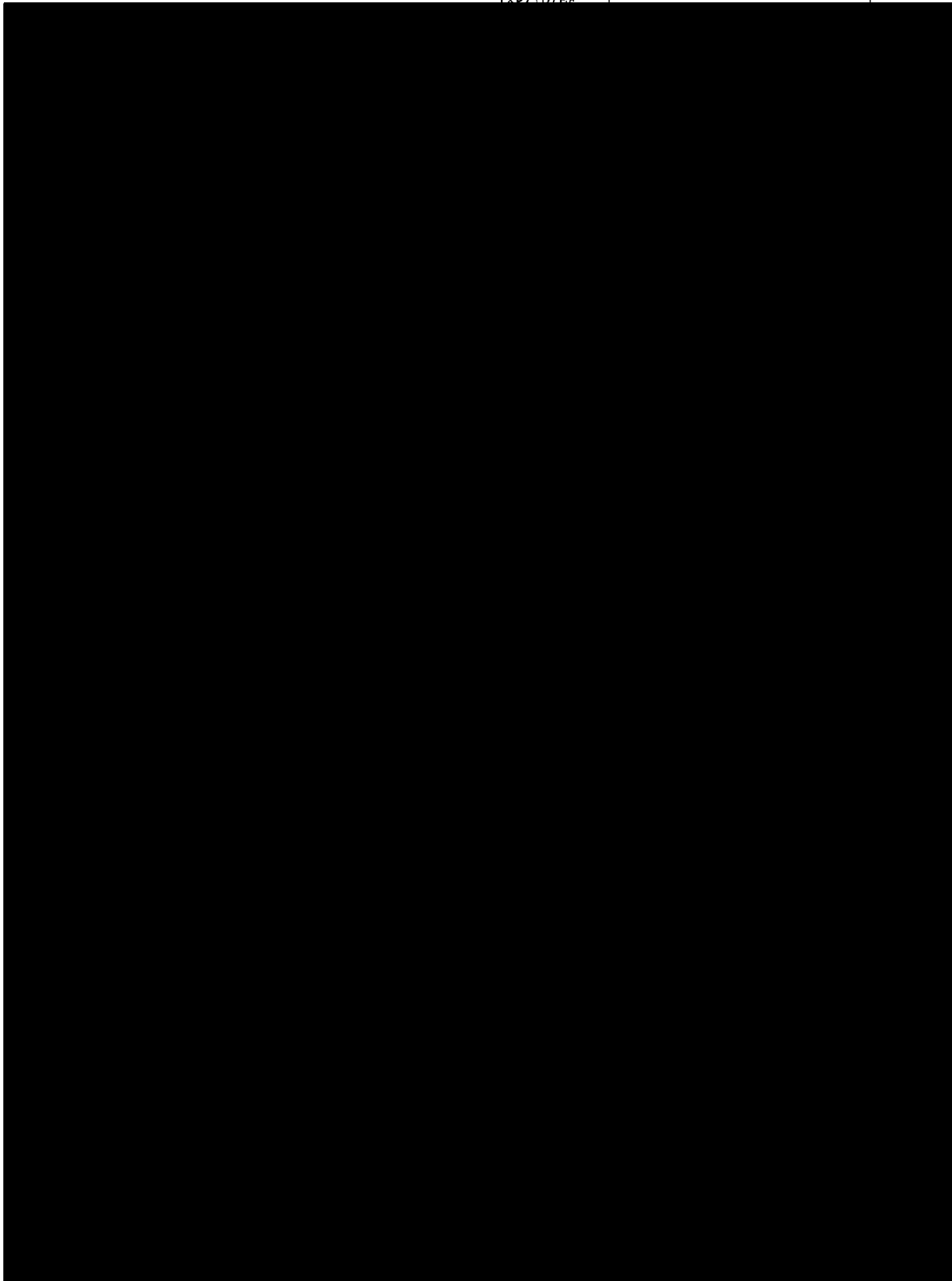
Certified Credit Link
1415 E. Colorado Suite 201
Glendale, CA 91205
Phone: 818 500-0495
Fax: 818 800-0497

CREDIT REPORT

Report No 346370

Provided For: MC FUNDING, INC N65881
20 CORPORATE PARK #175
IRVINE, CA 92606

Date Received 07/13/2005	Date Issued 7/13/2005	Requested By RON FRYBARGER
Loan Type	Job #	Charges \$18,66
Souros XP/TI/EE	Reference #	





Certified Credit Link

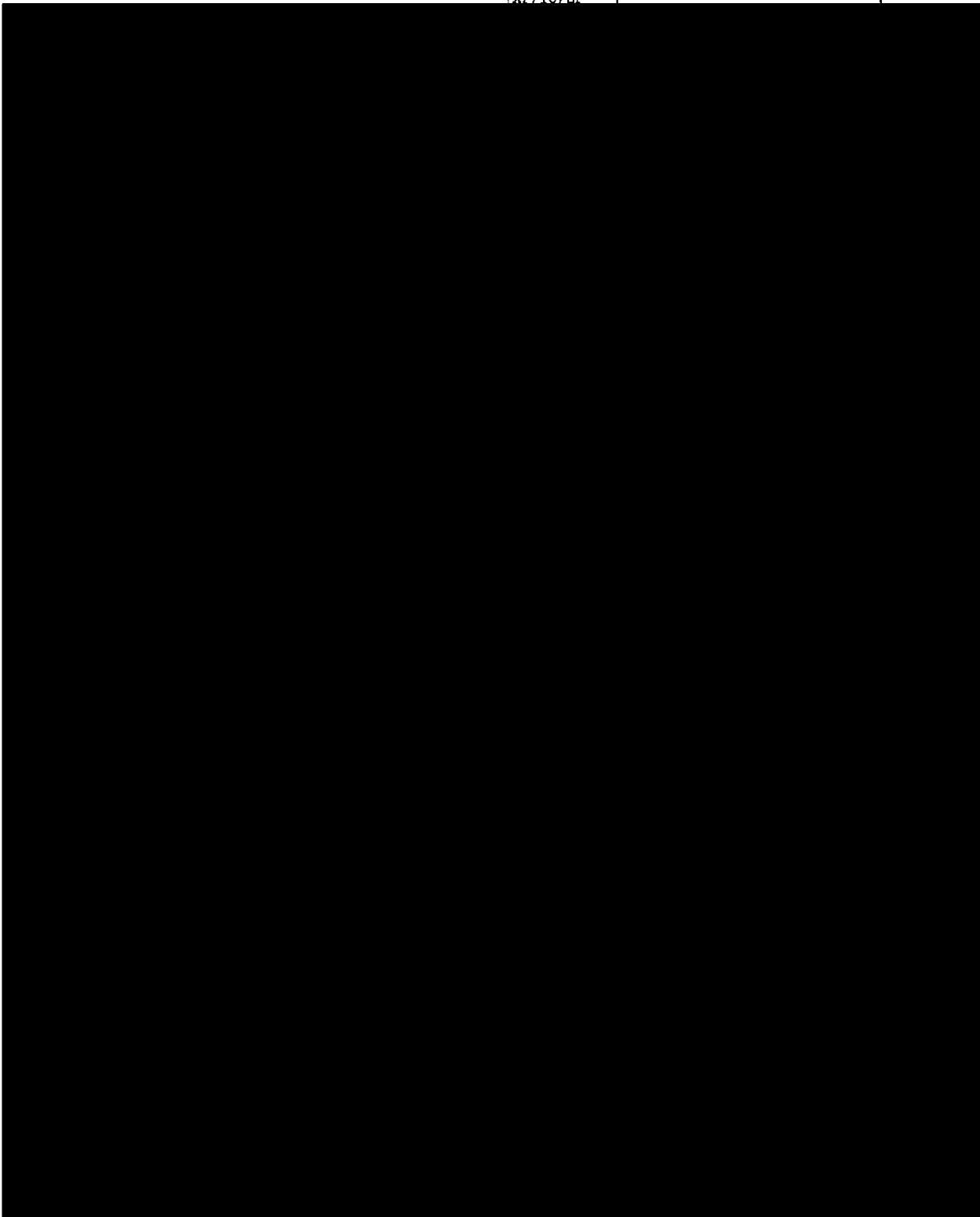
1415 E. Colorado Suite 201
 Glendale, CA 91205
 Phone: 818 500-0495
 Fax: 818 500-0497

CREDIT REPORT

Report No 346370

Provided For: MC FUNDING, INC N65881
 20 CORPORATE PARK #175
 IRVINE, CA 92606

Date Received 07/13/2005	Date Issued 7/13/2005	Requested By RON FRYBARGER
Loan Type	Job #	Charges \$18.66
Sources XP/TU/BF	Reference #	



ECOA KEY: B=BORROWER; C=CO-BORROWER; S=SHARED; J=JOINT; U=UNDESIGNATED; A=AUTHORIZED USER

The information is furnished in response to an inquiry for the purpose of evaluating credit risk. It has been obtained from sources deemed reliable, the accuracy of which this organization does not guarantee. The requester agrees to indemnify this reporting bureau for any damage arising from release of this information, and this report is furnished in reliance upon that indemnity. It must be held in strict confidence and comply with the provisions of Public Law 91-508, the Fair Credit Reporting Act. Reporting bureau certifies that all Residential Mortgage Credit Reports meet the standards prescribed by FNMA, FHMC, FHA, VA & the Farmers Home Administration.



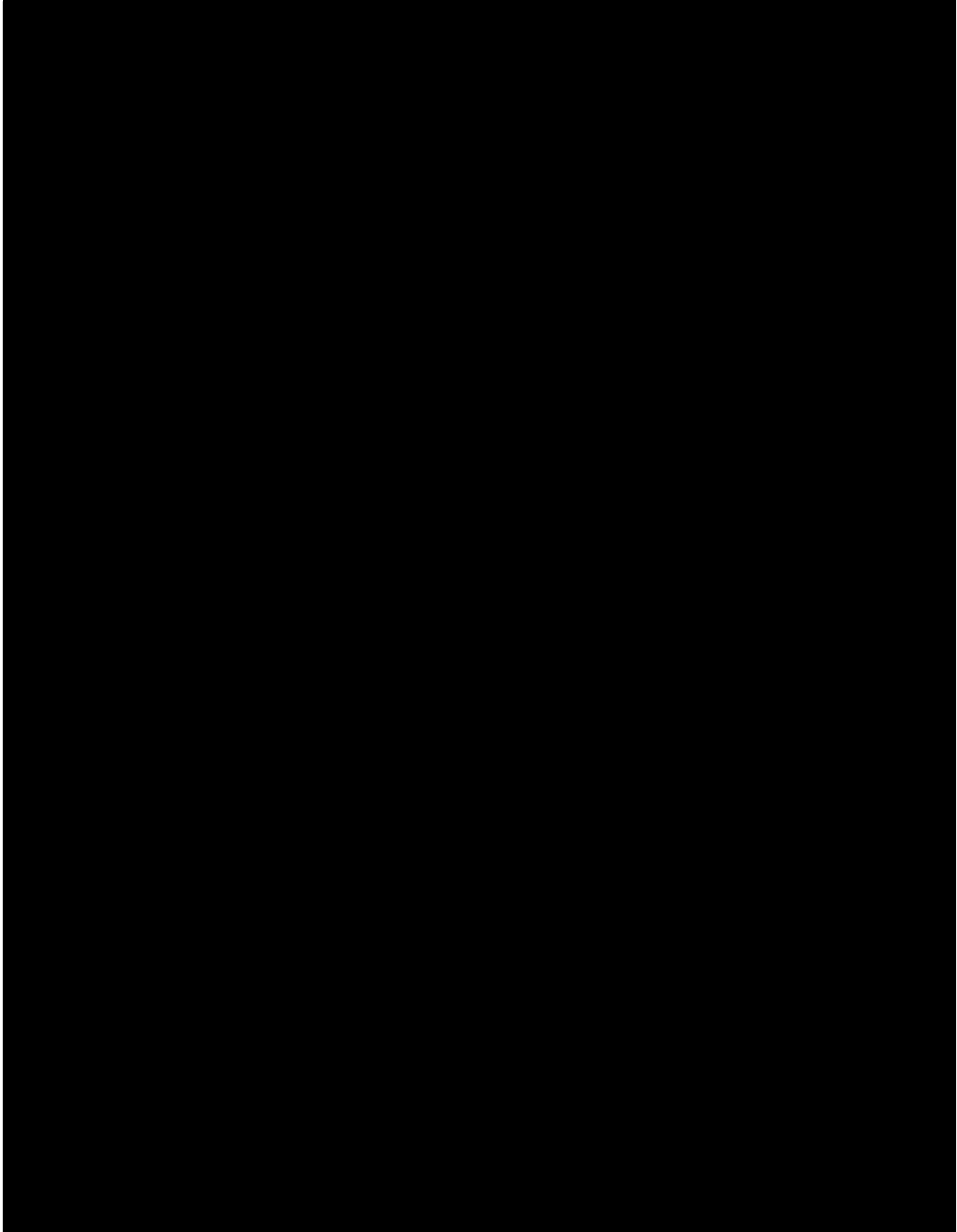
Certified Credit Link
1415 E. Colorado Suite 201
Glendale, CA 91205
Phone: 818 500-0495
Fax: 818 500-0497

CREDIT REPORT

Report No
346370

Provided For: MC FUNDING, INC N65881
20 CORPORATE PARK #175
IRVINE, CA 92606

Date Received 07/13/2005	Date Issued 7/13/2005	Requested By RON FRYBARGER
Loan Type	Job #	Charges \$18.66
Sources XP/TU/EF	Reference #	



This information is furnished in response to an inquiry for the purpose of evaluating credit risk. It has been obtained from sources deemed reliable, the accuracy of which this organization does not guarantee. The lender has agreed to indemnify the reporting bureau for any damage arising from reliance on this information, and this report is furnished in reliance upon that indemnity. It must be held in strict confidence and comply with the provisions of Public Law 91-508, the Fair Credit Reporting Act. Reporting bureau certifies that all Residential Mortgage Check Reports meet the standards prescribed by FNMA, FHMC, FHA, VA & the Farmers Home Administration.



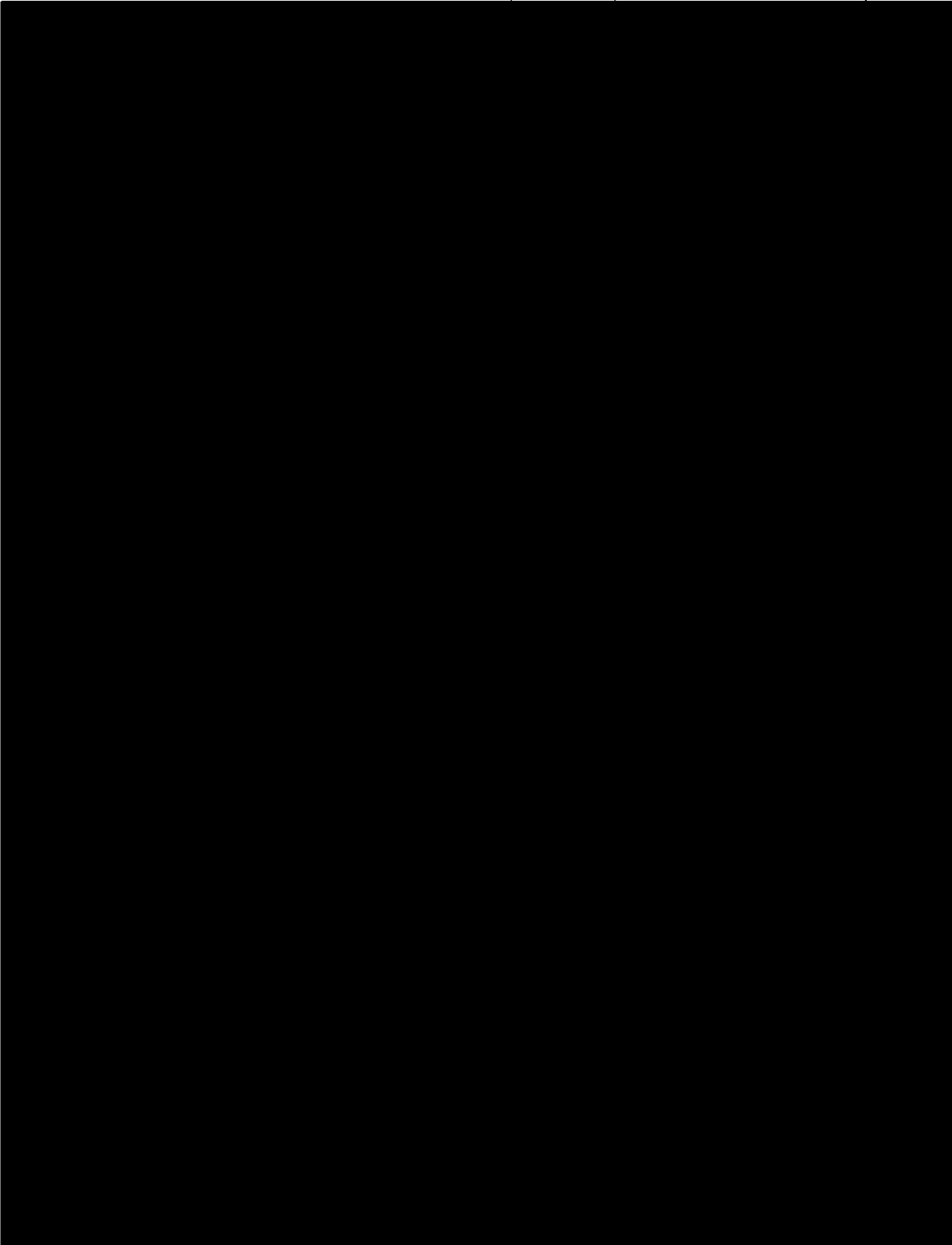
Certified Credit Link
1415 E. Colorado Suite 201
Glendale, CA 91205
Phone: 818 500-0485
Fax: 818 500-0487

CREDIT REPORT

Report No
346370

Provided For: MC FUNDING, INC N65881
20 CORPORATE PARK #175
IRVINE, CA 92606

Date Received	Date Issued	Requested By
07/13/2005	7/13/2005	RON FRYBARGER
Loan Type	Job #	Charges
		\$18.66





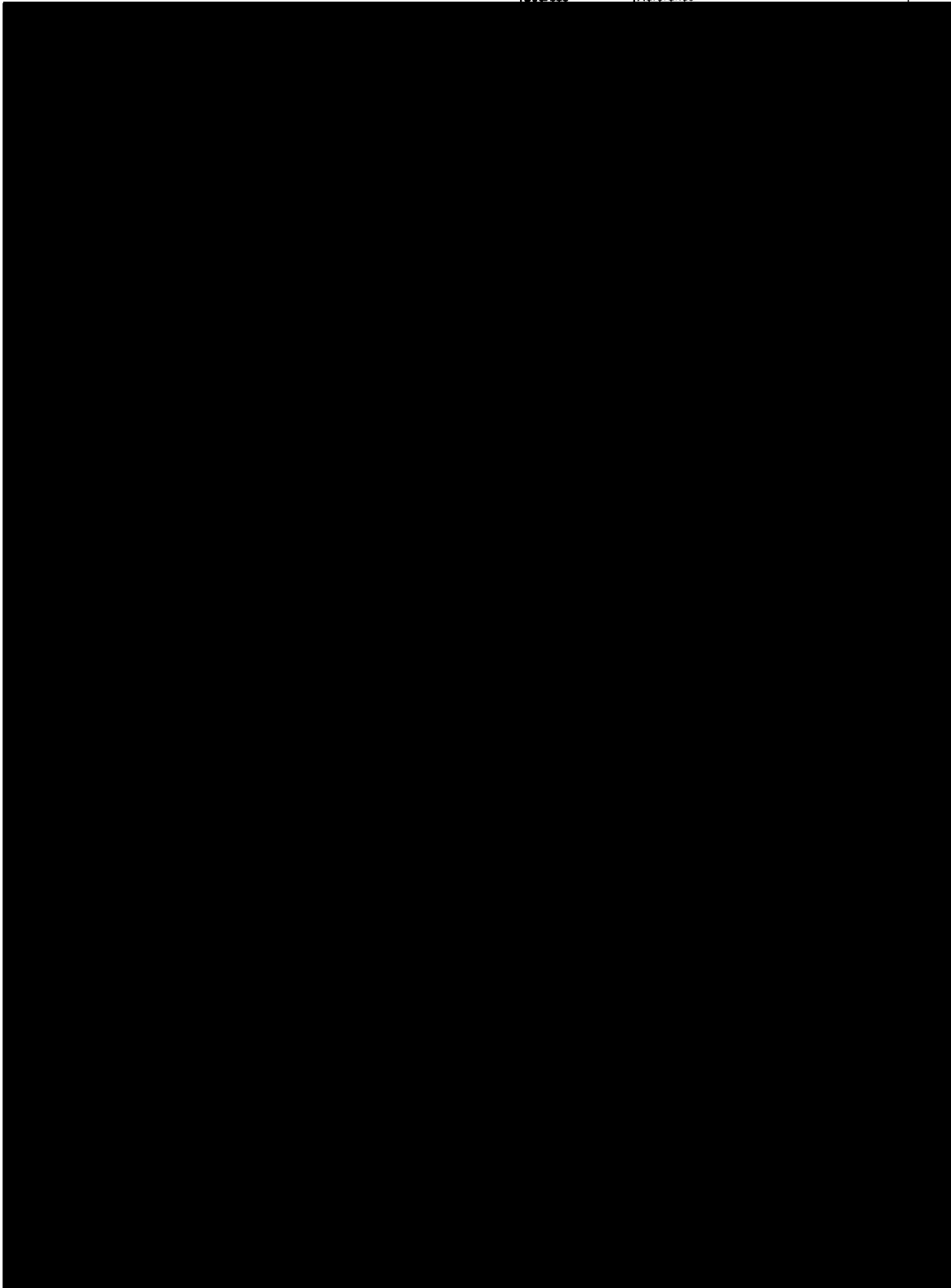
Certified Credit Link
1415 E. Colorado Suite 201
Glendale, CA 91205
Phone: 818 500-0495
Fax: 818 500-0497

CREDIT REPORT

Report No
346370

Provided For: MC FUNDING, INC N65881
20 CORPORATE PARK #175
IRVINE, CA 92606

Date Received	Date Issued	Requested By
07/13/2005	7/13/2005	RON FRYBARGER
Loan Type	Job #	Charges
		\$18.66
Sources	Reference #	



EEOA KEY: B=BORROWER; C=CO-BORROWER; S=SHARED; J=JOINT; U=UNDESIGNATED; A=AUTHORIZED USER

The information is furnished in response to an inquiry for the purpose of evaluating credit risks. It has been obtained from sources deemed reliable, the accuracy of which this organization does not guarantee. The inquiry has agreed to indemnify the reporting bureau for any damage arising from misuse of this information, and this report is furnished in reliance upon that indemnity. It must be held in strict confidence and comply with the provisions of Public Law 91-508, the Fair Credit Reporting Act. Reporting bureau certifies that all Residential Mortgage Credit Records meet the standards prescribed by FNMA, FHMC, FMA, VA & the Farmers Home Administration.



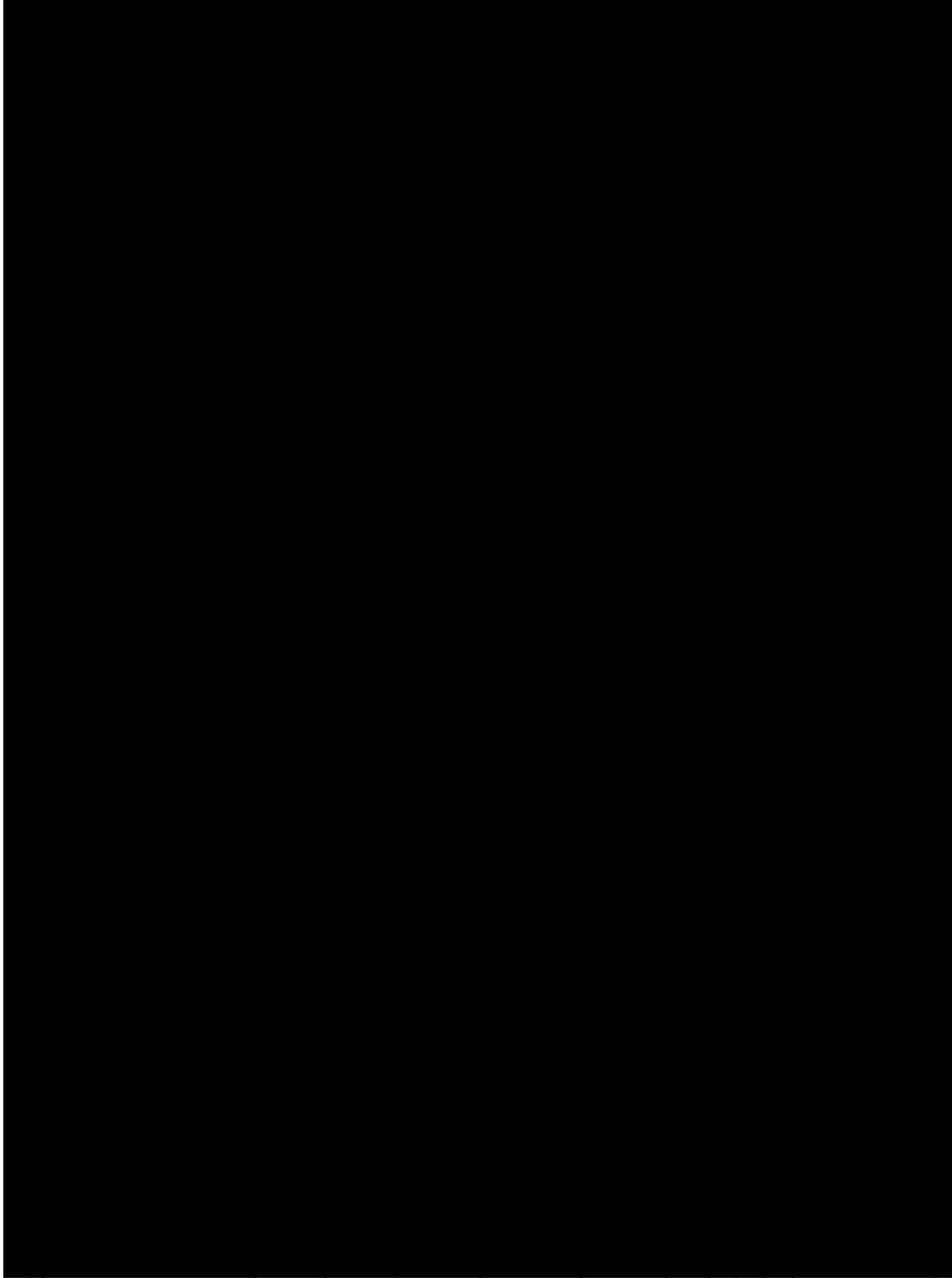
Certified Credit Link
1415 E. Colorado Suite 201
Glendale, CA 91205
Phone: 818 500-0495
Fax: 818 500-0497

CREDIT REPORT

Report No
346370

Provided For: MC FUNDING, INC N65881
20 CORPORATE PARK #175
IRVINE, CA 92606

Date Received 07/13/2005	Date Issued 7/13/2005	Requested By RON FRYBARGER
Loan Type	Job #	Charges \$18.66
Sources XP/TU/BE	Reference #	



ECOA KEY: B=BORROWER; C=CO-BORROWER; S=SHARED; J=JOINT; U=UNDESIGNATED; A=AUTHORIZED USER

The information is furnished in response to an inquiry for the purpose of evaluating credit risks. It has been obtained from sources deemed reliable, the accuracy of which this organization does not guarantee. The Inquirer has agreed to indemnify this reporting bureau for any damage arising from misuse of this information, and this report is furnished in reliance upon that indemnity. It must be held in strict confidence and comply with the provisions of Public Law 91-508, the Fair Credit Reporting Act. Reporting bureau certifies that all Residential Mortgage Credit Reports meet the standards prescribed by Fannie Mae, FHLMC, FHA, VA & the Federal Home Administration.



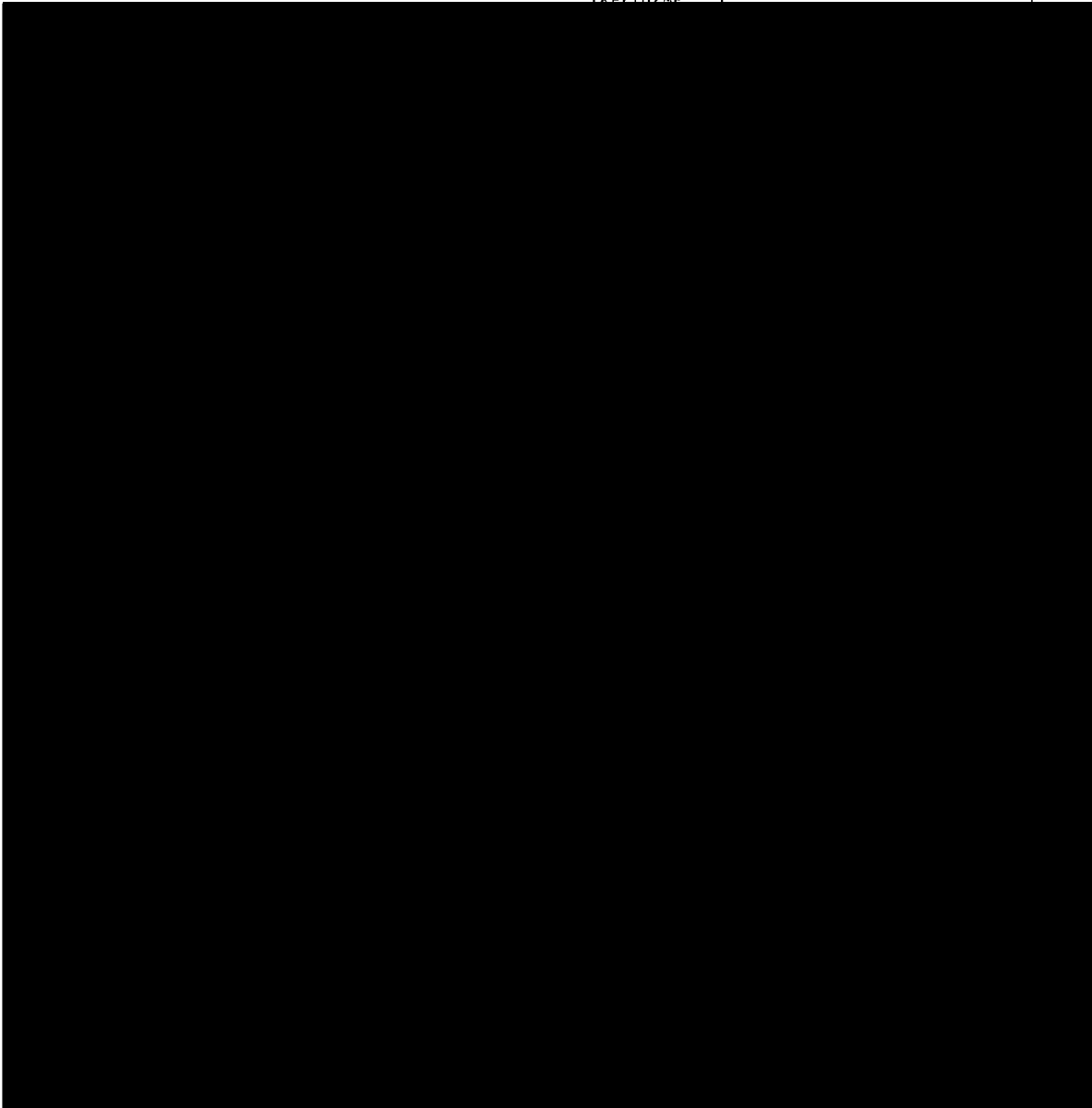
Certified Credit Link
 1415 E. Colorado Suite 201
 Glendale, CA 91205
 Phone: 818 500-0495
 Fax: 818 500-0497

CREDIT REPORT

Report No 346370

Provided For: MC FUNDING, INC N65881
 20 CORPORATE PARK #175
 IRVINE, CA 92606

Date Received 07/13/2005	Date Issued 7/13/2005	Requested By RON FRYBARGER
Loan Type	Job #	Charges \$18.66
Sources XP/TI/EF	Reference #	



ECOA KEY: B=BORROWER; C=CO-BORROWER; S=SHARED; J=JOINT; U=UNDESIGNATED; A=AUTHORIZED USER

The information is furnished in response to an inquiry for the purpose of establishing credit risks. It has been obtained from sources deemed reliable, but accuracy of which this organization does not guarantee. This inquiry has agreed to indemnify the reporting bureau for any damage arising from reliance on this information, and this report is furnished in reliance upon that indemnity. It must be filed in strict confidence and comply with the provisions of Public Law 91-508, the Fair Credit Reporting Act. Reporting bureaus certify that all Residential Mortgage Credit Reports meet the standards prescribed by FNMA, FIMAC, FHA, VA & the Farmers Home Administration.



MC Funding Inc.
18006 Sky Park Circle
Irvine, CA 92614

To: ~~Tony/~~ Steve Fattorusso

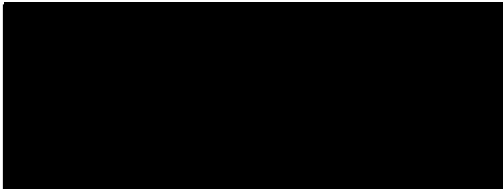
From: Peter M. Gates

Fax: ~~Fax: 949-371-0700~~

Date: July 14, 2005



TV




fax coversheet

07/20/2005 12:02

949606

PG

PAGE 09/09



CO-CONTRACT	
Verified By	CREDIT HISTORY
HISTORICAL STATUS	
MOS	TIMES PAY DUE
REV	30 60 90





People's Choice
Home Loan, Inc.
The Flexible Lending Solution

Loan Number: 10238451
Borrower: LESLIE BENNETT
Co-Borrower: PAUL BENNETT
Property Address: 107 AVENIDA SAN DIMAS
SAN CLEMENTE, CA 92672

Program: 2280-CONV- 2 YR FIXED/ 30 YR ARM	Purpose: Cash Out Refi
Doc Type: Full Doc 12 Bank	Occupancy: Owner Occupied
Prepayment Penalty: 24	Property Type: SFR
Cash From/To Bwr: -\$72,385.00	

P Scr/C Scr/CG: 519 / 494 / A	YSP \$: 6,950.00	YSP %: 1.000	Appraised Val: 825,000.00	Review Value: 0.00	Purchase Price: 0.00	Approval Date: 07/15/2005
Loan Amt: 695,000.00	Rate: 8.500	Margin: 5.750	Term: 360	LTV: 84.242	CLTV: 84.242	Oth Fin: 0.00
		DTI: 27.829	Expiration Date: 08/14/2005			

Fees to PCHLI		Fees to Broker		Contact Information	
Underwriting Fee	485.00	Points %		Broker:	M C FUNDING INC
Tax Service Fee	70.00	Appraisal Fee	350.00	Phone:	(949)442-7934
Flood Determination	13.00	Broker Fee	6,900.00	Fax:	(949)442-7938
Appraisal Review Fee	210.00	Yield Spread Premium	6,950.00	Acct Exec:	Steven Fattorusso
Funding Fee	300.00	Processing Fee	500.00	AE Phone:	(949)265-8922
				AE Fax:	(949)341-7341
				Acct Mgr:	Tony Tamaddoni
				AM Phone:	(949)265-7178
				AM Fax:	(949)341-8783
Total:	1,078.00	Total:	14,700.00		

APPROVAL MODIFICATIONS

U/W Signature: Lily Nguyen

IMPOUNDS: YES NO

First Mod Date	Loan Amount	Loan To Value	Yield Spread Premium	Start Rate	Margin	Program	Credit Grade
Last Mod Date	Loan Amount	Loan To Value	Yield Spread Premium	Start Rate	Margin	Program	Credit Grade

OPEN CONDITIONS (Loan Approval is made subject to all following conditions)

- 1. 801 - Original package to match submission package
- 2. 802 - [REDACTED]
- 3. [REDACTED]
- 4. [REDACTED]
- 5. [REDACTED]
- 6. [REDACTED]
- 7. [REDACTED]
- 8. [REDACTED]
- 9. [REDACTED]
- 10. [REDACTED]
- 11. [REDACTED]
- 12. [REDACTED]
- 13. [REDACTED]
- 14. [REDACTED]
- 15. [REDACTED]
- 16. [REDACTED]
- 17. [REDACTED]
- 18. [REDACTED]
- 19. [REDACTED]
- 20. [REDACTED]
- 21. [REDACTED]
- 22. [REDACTED]
- 23. [REDACTED]
- 24. [REDACTED]
- 25. [REDACTED]
- 26. [REDACTED]
- 27. [REDACTED]
- 28. [REDACTED]
- 29. [REDACTED]
- 30. [REDACTED]

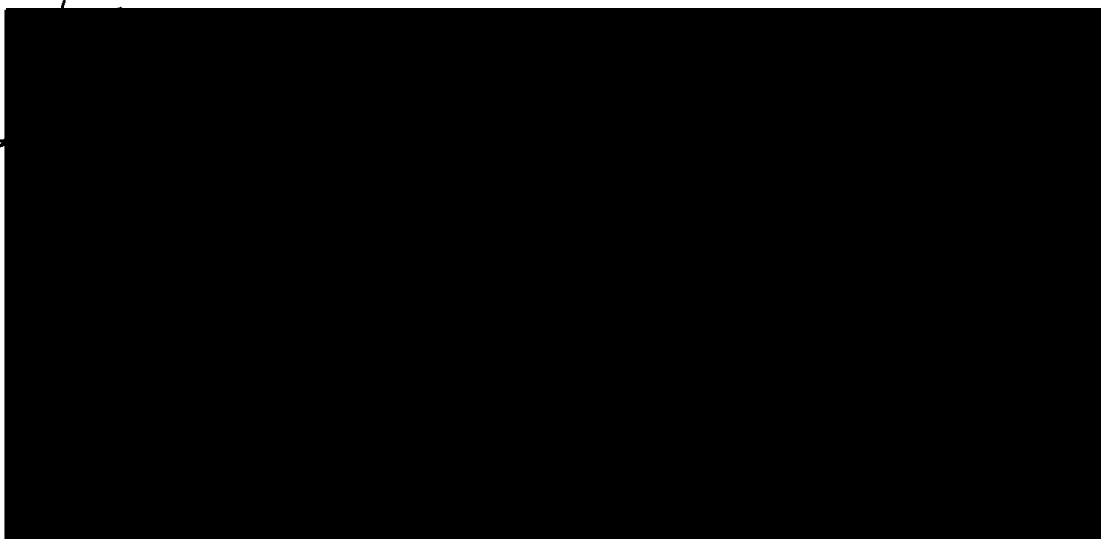


EXHIBIT B

Type	Description	Auth	Status	Changed O	Changed By	Notes
Conditions	Recent consecutive bank statements for 12 months	5	Satisfied	07/25/2005	Paul Nguyen	
Conditions	Need 12 months rating on subject mortgage	5	Satisfied	07/25/2005	Renzo Hech	max 0x30 tl
Conditions	Complete borrower information and contact sheet	2	Satisfied	07/22/2005	Sal Duenas	
Conditions	Points, fees and APR not to exceed any High Cost or Predatory	2	Satisfied	07/22/2005	Sal Duenas	need
Conditions	Letter stating purpose of cash out	2	Satisfied	07/25/2005	Tony Tamad	
Conditions	Copy of SSI	2	Not Applicable	07/15/2005	Lily Nguyen	
Conditions	AKA (names) Affidavit for borrowers	4	Satisfied	07/25/2005	Sal Duenas	
Conditions	LOE on borrowers' alternate SSNs	5	Satisfied	07/25/2005	Renzo Hech	
Conditions	Verification of employment	5	Satisfied	07/15/2005	Lily Nguyen	
Conditions	2 months source and seasoning for funds required	5	Satisfied	07/25/2005	Renzo Hech	for 60 days
Exceptions	(Prg 2280) No rates available	10	Not Applicable	07/20/2005	Terri Carpent	
Exceptions	(Prg 2280) Exceeds Max loan amount	13	Not Applicable	07/20/2005	Terri Carpent	
Exceptions	LTV Exception, max @ 0.000%, Req 84.242%	14	Not Applicable	07/25/2005	Laura Kabir	
Exceptions	Below Min Interest Rate @ 99.990%, Req 8.5	99	Satisfied	07/20/2005	Rey Topete	per Dave
Conditions	Recent consecutive bank statements for 24 months	5	Waived	07/25/2005	Paul Nguyen	
Conditions	TITLE TO ATTACH LEGAL DESCRIPTION	1	Satisfied	07/22/2005	Sal Duenas	
Conditions	defaulted taxes on hud #2 to be paid on hud / satisfied.	4	Satisfied	07/25/2005	Sal Duenas	
Conditions	LOE explaining large deposits on bank statements	5	Waived	07/25/2005	Paul Nguyen	

LTV Exception, max @ 0.000%, Req 84.242%

*Chief
J/W
g*



Loan Status

Category

Type

Type	Description	Auth	Status	Changed O	Changed By	Notes
Conditions	Correct APN in appraisal report	1	Satisfied	07/25/2005	Linda Redfe	
Exceptions	Req'd 2nd Signer for Loans fr \$500,000 to \$700,000	13	Satisfied	07/25/2005	Laura Kobir	
Exceptions	Req'd Sr. Mgmt approval for loans over \$400,000	10	Satisfied	07/19/2005	Terri Carpen	
Conditions	Insured closing Protection Letter, specific to closing agent	2	Satisfied	07/14/2005	Steve Stuckn	
Conditions	Original package to match submission package	2	Satisfied	07/22/2005	Sal Duenas	
Conditions	No survey exceptions to show on final policy of title	2	Satisfied	07/22/2005	Sal Duenas	
Conditions	All appraisal review conditions to be met (if any) and appraiser	2	Satisfied	07/22/2005	Tony Tamad	
Conditions	Original Hazard Insurance Policy/Binder. Loss Payee as	2	Satisfied	07/25/2005	Tony Tamad	
Conditions	Evidence of sufficient hazard insurance coverage with 90 day	2	Satisfied	07/14/2005	Steve Stuckn	
Conditions	Certified copy of final HUD-1 Settlement Statement	2	Satisfied	07/22/2005	Sal Duenas	
Conditions	Phone certification of employment at minimum of 7 days prior	2	Satisfied	07/14/2005	Steve Stuckn	
Conditions	Wire instructions	2	Satisfied	07/22/2005	Sal Duenas	
Conditions	Broker must be approved by PCHLI	2	Satisfied	07/22/2005	Sal Duenas	
Conditions	Flood certificate	2	Satisfied	07/22/2005	Sal Duenas	
Conditions	Points, fees and APR not to exceed any High Cost or Predatory	2	Satisfied	07/22/2005	Sal Duenas	
Conditions	Copy of valid photo ID: Drivers License, Passport, etc. and SS	2	Satisfied	07/22/2005	Sal Duenas	
Conditions	Current pay stubs (within 30 days of funding) borrower	5	Not Applicable	07/15/2005	Lily Nguyen	
Conditions	Current pay stubs (within 30 days of funding) co-borrower	5	Not Applicable	07/15/2005	Lily Nguyen	
Conditions	W2 (s) for	5	Not Applicable	07/15/2005	Lily Nguyen	

Req'd Sr. Mgmt approval for loans over \$400,000

Req JW Mgmt



People's Choice
Home Loan, Inc.
The Flexible Lending Solution

Desc: Exhibit B (part 2) Page 64 of 100 Number: 10238451

Borrower: LESLIE BENNETT
Co-Borrower: PAUL BENNETT
Property Address: 107 AVENIDA SAN DIMAS
SAN CLEMENTE, CA 92672

Program: 2280-CONV- 2 YR FIXED/ 30 YR ARM	Purpose: Cash Out Refi
Doc Type: Full Doc 12 Bank	Occupancy: Owner Occupied
Prepayment Penalty: 24	Property Type: SFR
	Cash From/To Bwr: -\$85,385.00

P Scr/C Scr/CG: 519 / 494 / A	YSP \$: 6,900.00	YSP %: 1.000	Appraised Val: 865,000.00	Review Value: 0.00	Purchase Price: 0.00	Approval Date: 07/15/2005
Loan Amt: 690,000.00	Rate: 9.250	Margin: 5.750	Term: 360	LTV: 79.769	CLTV: 79.769	Oth Fin: 0.00
	DTI: 28.779	Expiration Date: 08/14/2005				

695,000

Fees to PCHLI		Fees to Broker		Contact Information	
Underwriting Fee	485.00	Points %		Broker:	M C FUNDING INC
Tax Service Fee	70.00	Appraisal Fee	350.00	Phone:	(949)442-7934
Flood Determination	13.00	Broker Fee	6,900.00	Fax:	(949)442-7938
Appraisal Review Fee	210.00	Yield Spread Premium	6,900.00	Acct Exec:	Steven Fattorusso
Funding Fee	300.00	Processing Fee	500.00	AE Phone:	(949)265-8922
				AE Fax:	(949)341-7341
				Acct Mgr:	Tony Tamaddoni
				AM Phone:	(949)265-7178
				AM Fax:	(949)341-8783
Total:	1,078.00	Total:	14,650.00		

APPROVAL MODIFICATIONS

U/W Signature: Lily Nguyen *(Signature)*

IMPOUNDS: YES NO

First Mod Date	Loan Amount	Loan To Value	Yield Spread Premium	Start Rate	Margin	Program	Credit Grade
Last Mod Date	Loan Amount	Loan To Value	Yield Spread Premium	Start Rate	Margin	Program	Credit Grade

OPEN CONDITIONS (Loan Approval is made subject to all following conditions)

-----MANDATORY-----

- 601 - Original package to match submission package
- 602 - No survey exceptions to show on final policy of title
- 603 - All appraisal review conditions to be met (if any) and appraiser to be approved by PCHLI
- 604 - Original Hazard Insurance Policy/Binder. Loss Payee as follows: PCHLI It's Successors and/or Assigns P.O. Box 50220 Irvine, Ca,
- 605 - Evidence of sufficient hazard insurance coverage with 90 day minimum remaining term
- 607 - Certified copy of final HUD-1 Settlement Statement
- 608 - Phone certification of employment at minimum of 7 days prior to funding
- 610 - Wire instructions
- 611 - Broker must be approved by PCHLI
- 612 - Flood certificate
- 613 - Points, fees and APR not to exceed any High Cost or Predatory Lending Rules
- 619 - Copy of valid photo ID: Drivers License, Passport, etc. and SS Card

-----PRIOR TO DOCUMENTS-----

- 433 - Preliminary Title Report dated within 90 days of funding.

-----PRIOR TO FUNDING-----

- 431 - Insured closing Protection Letter, specific to closing agent, dated within 30 days of funding
- 426 - Current demands on all subject mortgages--max 29 days @ COE
- 443 - Original typed loan application (1003) signed and dated reflecting PCHLI loan terms--complete by borrowers & interviewer
- 445 - Original appraisal with photos and all addendums, satisfactory to PCHLI
- 446 - Satisfactory appraisal review by PCHLI designated review appraiser
- 172 - Closing instructions and final hud to reflect required payoffs (please see Items To Be Paid Through Escrow page)
- 408 - Current satisfactory evidence of self employment for 2 years--license for 2003 & 2004
- 411 - Recent consecutive bank statements for 12 months
- 418 - Need 12 months rating on subject mortgage--max 0x30 through COE, need pmts to 7/05
- 430 - Complete borrower information and contact sheet
- 432 - Points, fees and APR not to exceed any High Cost or Predatory Lending Rules--need
- 442 - Letter stating purpose of cash out
- 0 - AKA (names) Affidavit for borrowers
- 0 - LOE on borrowers' alternate SSNs
- 0 - Verification of employment

EXHIBIT B

LESLIE BENNETT

Date

Page 250
LESLIE BENNETT

Date

Broker Signature: _____



People's Choice
Home Loan, Inc.
The Flexible Lending Solution

Loan Number: 10238451
Borrower: LESLIE BENNETT
Co-Borrower: PAUL BENNETT
Property Address: 107 AVENIDA SAN DIMAS
SAN CLEMENTE, CA 92672

Program: 2280-CONV- 2 YR FIXED/ 30 YR ARM	Purpose: Cash Out Refi
Doc Type: Full Doc 12 Bank	Occupancy: Owner Occupied
Prepayment Penalty: 24	Property Type: SFR
Cash From/To Bwr: -\$85,385.00	

P Scr/C Scr/CG: 519 / 494 / A	YSP \$: 6,900.00	YSP %: 1.000	Appraised Val: 865,000.00	Review Value: 0.00	Purchase Price: 0.00	Approval Date: 07/15/2005
Loan Amt: 690,000.00	Rate: 9.250	Margin: 5.750	Term: 360	LTV: 79.769	CLTV: 79.769	Oth Fin: 0.00
					DTI: 28.779	Expiration Date: 08/14/2005

Fees to PCHLI		Fees to Broker		Contact Information	
Underwriting Fee	485.00	Points %		Broker:	M C FUNDING INC
Tax Service Fee	70.00	Appraisal Fee	350.00	Phone:	(949)442-7934
Flood Determination	13.00	Broker Fee	6,900.00	Fax:	(949)442-7938
Appraisal Review Fee	210.00	Yield Spread Premium	6,900.00	Acct Exec:	Steven Fattorusso
Funding Fee	300.00	Processing Fee	500.00	AE Phone:	(949)265-8922
				AE Fax:	(949)341-7341
				Acct Mgr:	Tony Tamaddoni
				AM Phone:	(949)265-7178
				AM Fax:	(949)341-8783
Total:	1,078.00	Total:	14,650.00		

APPROVAL MODIFICATIONS

U/W Signature: *Lily Nguyen*

IMPOUNDS: YES NO

First Mod Date	Loan Amount	Loan To Value	Yield Spread Premium	Start Rate	Margin	Program	Credit Grade
Last Mod Date	Loan Amount	Loan To Value	Yield Spread Premium	Start Rate	Margin	Program	Credit Grade

SATISFIED CONDITIONS

Approved By:

Laura Kabir
Ryan Guerrero
Laura Kabir

Satisfied / Waived Conditions:

106 - Req'd 2nd Signer for Loans fr \$500,000 to \$700,000 (Satisfied)
107 - Req'd Sr. Mgmt approval for loans over \$400,000 (Satisfied)
105 - (Prg 2280) Exceeds Max loan amount (Satisfied)



People's Choice
Home Loan, Inc.
The Flexible Lending Solution

Document Order Form

Please Complete Entire Form

BORROWER NAME (1): LESLIE BENNETT

BORROWER NAME (2): PAUL BENNETT

NON-TITLED SPOUSE'S NAME (If Applicable) _____

VESTING:

PROPERTY ADDRESS: 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672

OCCUPANCY: Owner PROPERTY TYPE: SFR LOAN PURPOSE: Cash Out Refi

LOAN AMOUNT: \$ 695,000.00

LOAN TYPE (Arm/ Fixed): Convertible ARM

PROGRAM: 2280-CONV- 2 YR FIXED/ 30 YR ARM 3/1/6

1ST PAYMENT DATE: September 1, 2005

INITIAL INTEREST RATE: 8.500%

MARGIN (If applicable): 5.750%

PREPAYMENT PENALTY TERM: 2 years

SECONDARY FINANCING DETAILS:		
SUBORDINATE LOAN AMOUNT \$	0.00	TERM _____ PAYMENT AMOUNT \$ _____

AMOUNT OF SELLER PAID NON RECURRING CLOSING COSTS: \$ _____ (Limits apply)

FEES PAID TO PCHL

LENDER PTS	0.00 %	\$0.00
UNDERWRITING FEE		\$485.00
APPRAISAL REVIEW FEE		\$210.00
FUNDING FEE		\$300.00
FLOOD DETERMINATION FEE		\$13.00
TAX SERVICE FEE		\$70.00
COURIER FEE		\$0.00

FEES TO BROKER

BROKER FEE	_____
YIELD PREMIUM	_____
PROCESSING FEE	_____
* APPRAISAL FEE	_____
** CREDIT REPORT FEE	_____
APPLICATION FEE	_____
ADMINISTRATION FEE	_____

TOTAL \$1,078.00

TOTAL

* must include an invoice
* *\$ amt. must show on credit report

Closing / Document Date: _____ Time of Closing: _____ AM / PM

DOCUMENTS TO BE SENT TO:

COMPANY NAME: _____

ADDRESS (NO P.O. BOX): _____

CITY: _____ STATE: _____ ZIP: _____

ATTENTION: _____ PHONE #: _____ FAX #: _____

METHOD OF DELIVERY: FED EX PICK UP E-MAIL

E-MAIL: _____

ACCOUNT MANAGER (Signature): _____ DATE _____

AGREED BY BROKER (Signature): _____ DATE _____

* Please include updated, typed 1099-B by interviewer with this completed form.

ANY QUESTIONS, PLEASE CONTACT YOUR ACCOUNT MANAGER: Tony Tamaddon
Phone: (949) 265-7178

Impound Worksheet

Impounds: Yes No

Date: _____

Attention: _____

Company: _____

Reference #: _____

Loan Number: 10238451

Borrower Name: LESLIE BENNETT

Property Address: 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672

Hazard Insurance Premium: \$ _____ Expiration Date: _____

Flood Insurance Premium: \$ _____ Expiration Date: _____

Taxes (Yearly)

County Property Tax: \$ _____ Annual Semi-Annual Quarterly

County Tax Due Dates: 1st _____ 2nd _____ 3rd _____ 4th _____

City Property Tax: \$ _____ Annual Semi-Annual Quarterly

City Tax Due Dates: 1st _____ 2nd _____ 3rd _____ 4th _____

School Tax: \$ _____ Annual Semi-Annual Quarterly

School Tax Due Dates: 1st _____ 2nd _____ 3rd _____ 4th _____

AGREED BY BROKER (signature) _____ Date _____

ANY QUESTIONS, PLEASE CONTACT YOUR ACCOUNT MANAGER: Tony Tamaddoni
Phone: (949) 265-7178
Fax: (949) 341-8783



People's Choice

Home Loan, Inc.
The Flexible Lending Solution

CLOSING INFORMATION SHEET

Title/Closing Agent: _____ First Paymt. Date: September 1, 2005
 Attention: _____ Loan Amount: 695,000.00
 Borrower: LESLIE BENNETT Closing Date: _____

*****Please fax Closing Protection Letter and Wiring Instructions with this form*****

**CLOSING FEES INCLUDED IN APR
MUST BE EXACT**

Settlmnt. / Closing Fee	
Attorney Fee	
Escrow Fee	
Sub-escrow Fee	
Notary Fee	
Document Prep.	
Closing Courier Fee	
Title Courier Fee	
Copy Fee	
Warehouse Fee	
Signing Fee	
Wire Transfer Fee	
Other:	
Total	

**CLOSING FEES NOT INCLUDED IN APR
OK TO ESTIMATE**

Title Insurance Fee	
Title Abstract Fee	
Title Search Fee	
Title Exam Fee	
Endorsements	
Affidavit Fee	
Filing Fees	
Recording Fees	
Reconveyance Fee	
Document Stamps	
Intangible Tax	
Other:	
Total	

Property Address: 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672

Titled Borrower Name: _____

Titled Borrower Name: _____

Non Titled Spouse's Name if applicable: _____

Vesting: _____

Impounds: Yes No

Send Documents Via: Overnight Courier E-Mail

Send Documents To: Company: _____

Address: _____

Attention: _____

Phone: _____ Fax: _____

E-Mail: _____

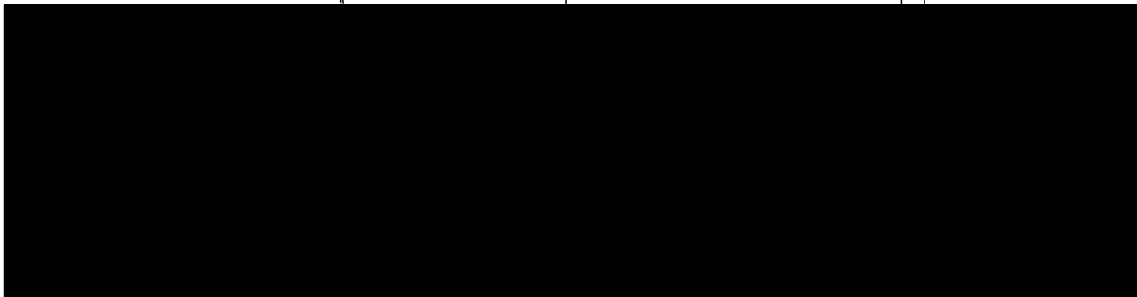
Notes: _____

SCHEDULE OF REAL ESTATE OWNED										
Under status of property indicate: S - Sold; PS - Pending Sale; R - Rental being held for income								CASH FLOW		
	PROPERTY ADDRESS	SUBJECT?	STATUS (S, PS, R)	MARKET VALUE	BALANCE OF MORTGAGES	(1) MONTHLY RENTAL INCOME	*(2) MONTHLY TAXES & INSURANCE	(3)VACANCY	(4) MONTHLY MORTGAGE PAYMENT	NET RENTAL INCOME
I		No		\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00	\$0.00
II		No		\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00	\$0.00
III		No		\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00	\$0.00
IV		No		\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00	\$0.00
V		No		\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00	\$0.00
VI		No		\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00	\$0.00
VII		No		\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00	\$0.00
TOTALS				\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	\$0.00



Wholesale Loan Submission Sheet

Date: 7/14/05



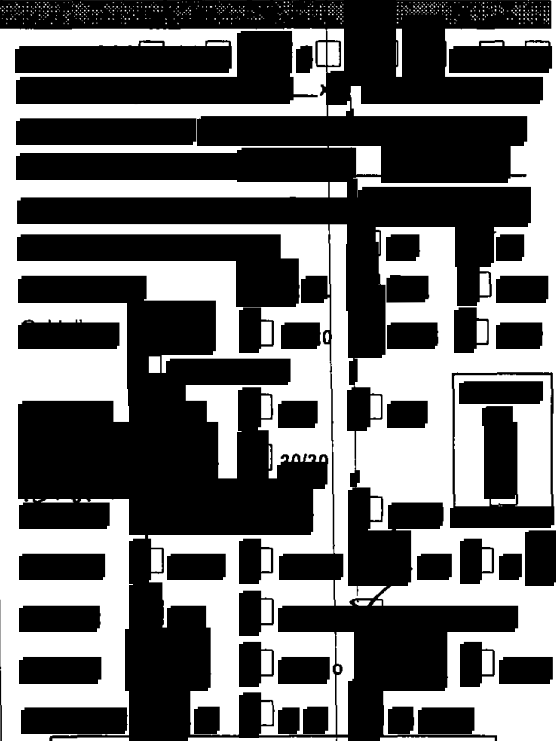
PCHL AGENT INFORMATION **BROKER INFORMATION** ID:

Name: STEVEN FATTORUSSO
 [Redacted]
 [Redacted]
 [Redacted]
 Agent Code:
 Account Manager: TONY TAMADDONI [Redacted]

Broker Name: MC RUMON
 Address:
 Phone:
 Fax:
 Contact Name: RONI DEON

LOAN INFORMATION

Marketing Code: _____
 Info 1 Reference #: _____
 Loan Amount: 690,000
 Interest Rate: _____ Margin: _____
 Appraised Value: 865,000
 Sales Price: _____
 Subordinated Financing Amount _____
 Interest: _____ Term: _____ Months: _____
 S.F. Payment Amt. \$ _____ Maturity: _____
 LTV 80 CLTV 80
 Debt Ratio _____
 Total Monthly Income \$ _____
 Annual Property Tax: _____
 Annual Property Insurance: _____



FEES TO PCHL*	
Points:	_____
Underwriting Fee:	\$485.00
Funding Fee:	\$300.00
Appraisal Review Fee:	\$200.00
Flood Cert Fee:	\$13.00
Tax Service Fee:	\$70.00
Other:	_____

FEES TO BROKER*	
Points:	_____
Yield Spread Premium:	<u>1</u>
Processing Fee:	<u>500</u>
Appraisal Fee:	<u>350</u>
Credit Report Fee:	_____
Administration Fee:	_____
Other:	_____
Other:	_____

*FEES LISTED ARE BASED ON THE STATE IN WHICH YOUR OFFICE IS LOCATED. LOANS FOR PROPERTY IN OTHER STATES MAY HAVE DIFFERENT FEES. PLEASE CONTACT YOUR LOCAL EXECUTIVE FOR FEES IN YOUR STATE.
 **PEOPLE'S CHOICE DOES NOT ALLOW SECTION 32 OR ANY OTHER HIGH COST LOANS

Uniform Underwriting and Transmittal Summary

I. Borrower and Property Information

Borrower Name LESLIE BENNETT
 Co-Borrower Name PAUL BENNETT
 Property Address 107 AVENIDA SAN DIMAS, San Clemente, CA 92672

Property Type 1 unit 2-4 units Condominium PUD Co-op Manufactured Housing Single Wide Multiwide

Project Classification A/II Condo B/II Condo C/II Condo E PUD F PUD 1 Co-op 2 Co-op

Project Name _____

Occupancy Status Primary Residence Second Home Investment Property

Additional Property Information
 Number of Units 1
 Sales Price \$ _____
 Appraised Value \$ 865,000

Property Rights Fee Simple Leasehold

II. Mortgage Information

Loan Type Conventional FHA VA USDA/RHS

Amortization Type Fixed-Rate—Monthly Payments Fixed-Rate—Biweekly Payments Balloon ARM (type) _____ Other (specify) _____

Loan Purpose Purchase Cash-Out Refinance Limited Cash-Out Refinance (Fannie) No Cash-Out Refinance (Freddie) Home Improvement Construction to Permanent

Lien Position First Mortgage Second Mortgage

Amount of Subordinate Financing \$ _____
 (If HELOC, include balance and credit limit)

Note Information
 Original Loan Amount \$ 690,000
 Initial P&I Payment \$ 4,138.80
 Initial Note Rate 6.000 %
 Loan Term (in months) 360/360

Mortgage Originator Seller Broker Correspondent

Buydown Yes No

Terms _____
 Broker/Correspondent Name and Company Name: _____

If Second Mortgage
 Owner of First Mortgage Fannie Mae Freddie Mac Seller/Other
 Original Loan Amount of First Mortgage \$ _____

III. Underwriting Information

Underwriter's Name _____ Appraiser's Name/License # _____ Appraisal Company Name _____

Stable Monthly Income
 Base Income \$ _____
 Other Income \$ _____

Present Housing Payment: \$ _____
 Proposed Monthly Payments
 Borrower's Primary Residence
 First Mortgage P&I \$ _____
 Second Mortgage P&I \$ _____
 Hazard Insurance \$ _____
 Taxes \$ _____
 Mortgage Insurance \$ _____
 HOA Fees \$ _____
 Lease/Ground Rent \$ _____
 Other \$ _____
 Total Primary Housing Expense \$ _____
 Other Obligations Negative Cash Flow (subject property) \$ _____
 All Other Monthly Payments \$ _____
 Total All Monthly Payments \$ _____

Qualifying Ratios
 Primary Housing Expense/Income _____ %
 Total Obligations/Income _____ %
 Debt-to-Housing Gap Ratio (Freddie) _____ %

Loan-to-Value Ratios
 LTV _____ %
 CLTV/TLTV _____ %

Qualifying Rate
 Note Rate 6.000 %
 _____ % Above Note Rate _____ %
 _____ % Below Note Rate _____ %
 Bought-Down Rate _____ %
 Other _____ %

Level of Property Review
 Exterior/Interior Exterior Only No Appraisal
 Form Number: _____

Risk Assessment
 Manual Underwriting AUS
 DU LP Other _____
 AUS Recommendation _____
 DU Case ID/LP AUS Key# _____
 LP Doc Class (Freddie) _____

Escrow (T&I) Yes No

Community Lending/Affordable Housing Initiative Yes No
 Home Buyers/Homeownership Education Certificate In file Yes No

Representative Credit/Indicator Score _____

Underwriter Comments
 Bor/Co-B: FICO-510/492 TU-581/494 Eqfx-518/494

IV. Seller, Contract, and Contact Information

Seller Name _____ Contact Name _____
 Seller Address _____ Contact Title _____
 Seller No. _____ Investor Loan No. _____ Contact Phone Number _____ ext. _____
 Seller Loan No. _____ Contact Signature _____
 Master Commitment No. _____ Date _____
 Contract No. _____



(Handwritten mark)



JUL 25 2005 10:13AM

Desc Exhibit B (part 2) Page 75 of 100

P. 3



Tough

EVIDENCE OF INSURANCE

Coverage afforded by the policy is provided by the Allstate Insurance Company, Northbrook, Illinois

Number : 000000914346304

First Mortgagee Loan Number : 11010238451

Insured's name, mailing address and zip code:

Leslie Bennett and Paul Daniel Bennett, Wife and Husband as
107 AVENIDA SAN DIMAS Joint Tenants
SAN CLEMENTE
CA 92672

Location of Premises (If different than shown above):
SAME

First Mortgagee, address and zip code: Policy contains 438 BFU (AU319)
in favor of...
PEOPLES CHOICE HOME LOANS INC Its successors and/or assigns
P O BOX 50220
IRVINE CA 92619 - 0220

The POLICY PERIOD will begin on the date shown and will continue with no fixed date of expiration. The PREMIUM PERIOD will be Annual and begins on the same date shown.

The POLICY PERIOD and PREMIUM PERIOD will begin at 12:01 a.m. Standard Time on 06/24/2005 to 06/24/2006

Insurance is provided as follows:

POLICY TYPE - DELUXE	HOMEOWNERS
Policy Limit of Liability	
Section I Section I Dwelling Protection	\$158527
Extended Replacement Cost on Dwelling	150%
Personal Property Reimbursement	

Deductibles
\$2000 to loss to the covered property from all insured perils.

JUL 25 2005 10:14AM

RSERJET FAX

P. 4



EVIDENCE OF INSURANCE

Number : 000000914346304

Total Estimated Annual Premium \$824.00

PROVISIONS: This form is not the contract of insurance. The provisions of the policy shall prevail in all respects.


All premiums for the insurance policy shall be computed in accordance with Allstate's rules, forms, premiums and minimum premiums applicable to the insurance afforded which are in effect at the inception of the insurance and upon each anniversary thereof, including the date of interim changes.

It is understood that should the insurance protection evidenced herein terminate for any reason, due notice will be given to the Insured, to the mortgagee, and to all other interested parties in accordance with the standard mortgagee clause (438 BFU).

A copy of the Policy Declarations reflecting the annual premium will be sent, if required, to the mortgagee and to any other interested parties.

Authorized Agent: Jackie Turk
Exclusive Agent
1104 S ElCamino Real
Suite A
SAN CLEMENTE, CA 92672
(949) 492-2327

Agent Signature: _____

FEDERAL EMERGENCY MANAGEMENT AGENCY STANDARD FLOOD HAZARD DETERMINATION		See the attached instructions	O.M.B. No. 3067-0264 Expires October 31, 2005	
SECTION I - LOAN INFORMATION				
1. LENDER NAME AND ADDRESS: [REDACTED] Address: PEOPLE'S CHOICE HOME LOAN, INC. 7525 IRVINE CENTER DR SUITE 250 - HUB 110 IRVINE, CA 92618 Phone: Fax: (949) 453-9397 Loan Officer/Processor: STEVEN FATTORUSSO Delivery Method: COM PDF SERVER -		2. COLLATERAL (Building/Mobile Home/Personal Property) PROPERTY ADDRESS (Legal description may be attached): Borrower: BENNETT, LESLIE Determination Address: 107 AVENIDA SAN DIMAS SAN CLEMENTE, CA 92672-3422 ORANGE COUNTY APN/Tax ID: Lot: Block: Phase: Subdivision: Section: Township: Range: Requested Address: 107 AVENIDA SAN DIMAS SAN CLEMENTE, CA 92672		
3. LENDER I.D. NUMBER:	4. LOAN IDENTIFIER: 10238451	5. AMOUNT OF FLOOD INSURANCE REQUIRED (optional):		
SECTION II				
A. NATIONAL FLOOD INSURANCE PROGRAM (NFIP) COMMUNITY JURISDICTION				
1. NFIP Community Name	2. County(ies)	3. State	4. NFIP Community Number	
SAN CLEMENTE, CITY OF	ORANGE COUNTY	CA	060230	
B. NATIONAL FLOOD INSURANCE PROGRAM (NFIP) DATA AFFECTING BUILDING / MOBILE HOME				
1. NFIP Map Number or Community-Panel Number (Community Name, if not the same as "A")	2. NFIP Map Panel Effective / Revised Date	3. LOMA / LOMR	4. Flood Zone	5. No NFIP Map
06059C0538H	2/18/2004	Yes _____ Date _____	X	
C. FEDERAL FLOOD INSURANCE AVAILABILITY (Check all that apply)				
1. <input checked="" type="checkbox"/> Federal flood insurance is available (community participates in NFIP). <input checked="" type="checkbox"/> Regular Program <input type="checkbox"/> Emergency Program of NFIP				
2. <input type="checkbox"/> Federal flood insurance is not available because community is not participating in the NFIP.				
3. <input type="checkbox"/> Building / Mobile Home is in a Coastal Barrier Resources Area (CBRA) or Otherwise Protected Area (OPA). Federal flood insurance may not be available. CBRA/OPA designation date: _____				
D. DETERMINATION				
IS BUILDING / MOBILE HOME IN A SPECIAL FLOOD HAZARD AREA (ZONES CONTAINING THE LETTERS "A" OR "V")? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO				
If yes, flood insurance is required by the Flood Disaster Protection Act of 1973. If no, flood insurance is not required by the Flood Disaster Protection Act of 1973.				
E. COMMENTS (Optional)		HMDA Information		
LIFE OF LOAN DETERMINATION		State: 06	Compliance Quick Check	
		County: 059		
		MSA: 5945	Is Flood Insurance Required?	NO
		MSA/MD: 42044	Is NFIP Insurance Available?	YES
		CT: 0421.14		
		BNA:		
This flood determination is provided solely for the use and benefit of the entity named in Section I, Box 1 in order to comply with the 1994 Reform Act and may not be used or relied upon by any other entity or individual for any purpose, including, but not limited to deciding whether to purchase a property or determining the value of a property.				
This determination is based on examining the NFIP map, any Federal Emergency Management Agency revisions to it, and any other information needed to locate the building / mobile home on the NFIP map.				
F. PREPARER'S INFORMATION (If other than Lender):			LSI ORDER NUMBER:	
NAME, ADDRESS, TELEPHONE NUMBER:			203-3478-433	
 LSI Flood Services 1521 N Cooper St Fourth Floor Arlington, TX 76011-5942 Phone: 1.800.833.6347 Fax: 1.800.662.6347			DATE OF DETERMINATION:	
			7/20/2005 7:00:10 PM	



Order Number: 92509364st
Page Number: 1



180 North Riverview Dr., Suite 100
Anaheim, CA 92808
(800) 346-1444
www.stewartmajoraccounts.com

Order Number: 92509364st (sg)

Customer Reference:

Borrower:

Property: 107 Avenida San Dimas
San Clemente, California 92672

PRELIMINARY REPORT

In response to the above referenced application for a policy of title insurance, the company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception on Schedule B or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage of said Policy or Policies are set forth in Exhibit A attached. Copies of the Policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Senia Gil, Title Officer
(714) 685-2320
Fax: (714) 242-9687

Stewart Title

Order Number: 925093644
Page Number: 2

Dated as of July 06, 2005 at 7:30 A.M.

The form of Policy of title insurance contemplated by this report is:

ALTA Loan Policy (10-17-92) with ALTA Endorsement - Form 1 Coverage

A specific request should be made if another form or additional coverage is desired.

SCHEDULE A

Title to said estate or interest at the date hereof is vested in:

Paul Daniel Bennett and Leslie Bennett, husband and wife, as joint tenants

The estate or interest in the land hereinafter described or referred to covered by this Report is:

A fee.

The Land referred to herein is described as follows:

(See attached Legal Description)

SCHEDULE B

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. General and special taxes and assessments for the fiscal year 2005-2006, a lien not yet due or payable.

2. General and special taxes and assessments for the fiscal year 2004-2005.

First Installment:	\$1,116.72, PAID
Penalty:	\$111.67
Second Installment:	\$1,116.72, DEFAULTED
Penalty:	\$121.67
Tax Rate Area:	10-000
A. P. No.:	060-091-26

See redemption below.

3. The lien of defaulted taxes for the fiscal year 2004-2005, and any subsequent delinquencies.

Tax Rate Area:	10-000
A. P. No.:	060-091-26
Amount to redeem:	\$1,270.14
Valid through:	July 31, 2005

Stewart Title

Order Number: 92509364art
Page Number: 3

P/O

Amount to redeem: \$1,286.89 ✓
Valid through: August 31, 2005

- 4. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
- 5. Assessments, if any, for community facility districts affecting said land which may exist by virtue of assessment maps or notices filed by said districts. Said assessments are collected with the County property taxes.
- 6. Water rights, claims or title to water in or under said land, whether or not shown by the public records.
- 7. Covenants, conditions and restrictions, if any, appearing in the public records, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or natural origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(C).
- 8. Any easements or servitudes appearing in the public records.
- 9. A deed of trust to secure an original indebtedness of \$96,800.00 recorded March 4, 2004 as Instrument No. 04-171958 of Official Records.
Dated: February 27, 2004
Trustor: Paul Daniel Bennett and Leslie Bennett
Trustee: Ticor Title NLS, a California Corporation
Beneficiary: Washington Mutual Bank, FA, a Federal Association

The above deed of trust states that it secures a line of credit. Before the close of escrow, we require evidence satisfactory to us that (a) all checks, credit cards or other means of drawing upon the line of credit have been surrendered to escrow, (b) the borrower has not drawn upon the line of credit since the last transaction reflected in the lender's payoff demand, and (c) the borrower has in writing instructed the beneficiary to terminate the line of credit using such forms and following such procedures as may be required by the beneficiary.

The obligation secured by the above-mentioned deed of trust may have been paid in a prior transaction. We are currently seeking a letter of indemnification from the title company which appears to have handled that transaction. If we are successful, this exception will not appear in the policy.

- 10. A deed of trust to secure an original indebtedness of \$500,000.00 recorded July 1, 2004 as Instrument No. 04-600305 of Official Records.
Dated: June 17, 2004 ✓
Trustor: Paul Daniel Bennett and Leslie Bennett, husband and wife, as joint tenants
Trustee: Security Union Title Co.
Beneficiary: Mortgage Electronic Registration Systems, Inc.
Lender: Residential Mortgage Assistance Enterprise, LLC, a Limited Liability Company

Stewart Title

Order Number: 9280936-est
Page Number: 4

Ray 11.

A certified copy of a judgment or an abstract thereof, recorded September 20, 2002 as Instrument No. 02-808785 of Official Records.

Court: Superior Court of California, County of San Diego
Case No.: SN015565
Debtor: Paul Bennett and Leslie Ann Bennett
Creditor: Eric Parrey
Amount: \$1,780.00, and any other amounts due thereunder.

K

- 12. We will require a signed Statement of Information from the parties named below in order to complete our report, based on the effect of documents, proceedings, liens, decrees, or other matters which do not specifically describe said land, but which, if any do exist, may effect the title or impose liens or encumbrances thereon

All parties.
Paul Daniel Bennett

Stewart Title

Order Number: 92509364art
Page Number: 5

INFORMATIONAL NOTES

The map attached, if any, may or may not be a survey of the land depicted hereon. Stewart Title expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

1. According to the latest available equalized assessment roll in the office of the county tax assessor, there is located on the land a(n) Single Family Residence known as 107 Avenida San Dimas, San Clemente, California, 92672.
2. According to the public records, there has been no conveyance of the land within a period of twenty-four months prior to the date of this report, except as follows:

None
3. Refinance rate applies.

Please be aware many lenders are not requiring any request for up-dated information, confirmation of figures and the pay-off check be from the title company to which the demand was sent or which was noted on the demand as the title company in the transaction. Therefore, this company will require any demands for existing liens be directed to "Stewart Title of California, Inc." or at least noted thereon as the title company that will be insuring the proposed transaction. Please be sure demands also reference our order number as well as your escrow number.

Stewart Title

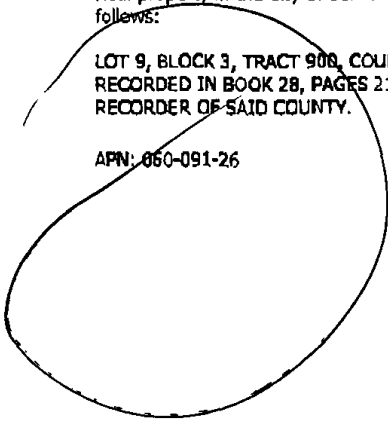
Order Number: 92509364et
Page Number: 6

LEGAL DESCRIPTION

Real property in the City of San Clemente, County of Orange, State of California, described as follows:

LOT 9, BLOCK 3, TRACT 908, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 28, PAGES 21 TO 24 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

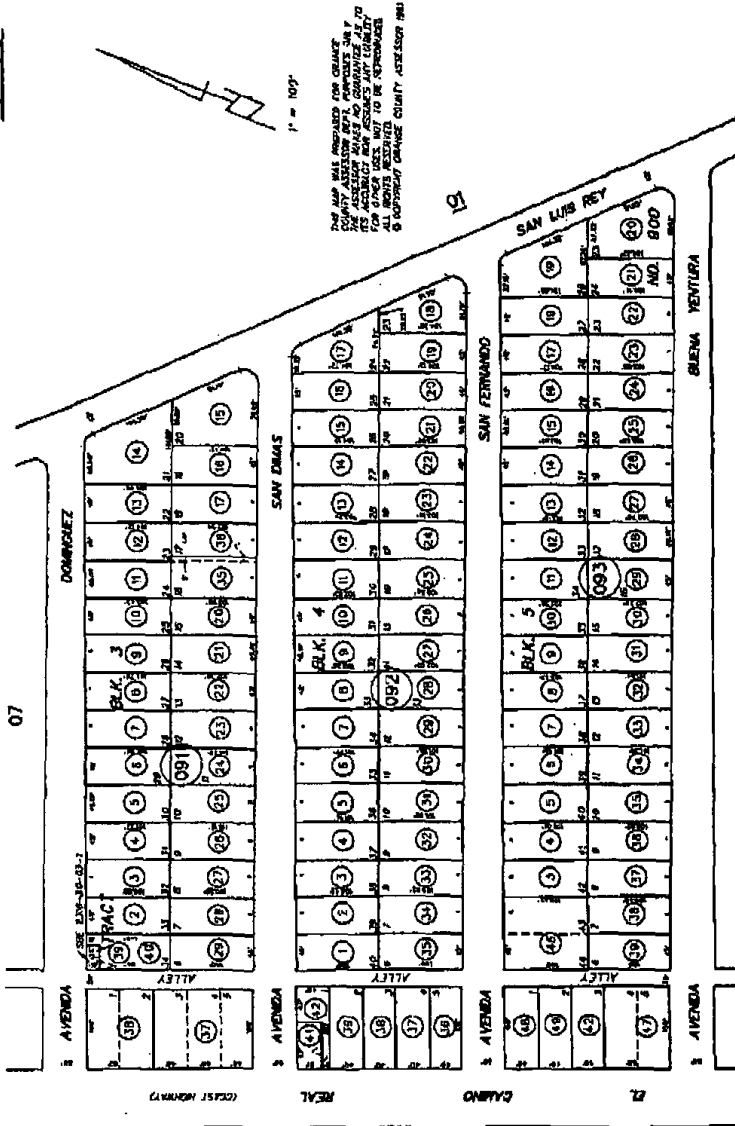
APN: 060-091-26



Stewart Title

THIS MAP SHOULD BE USED FOR REFERENCE PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.

60-09



ASSESSOR'S MAP
BOOK 98, PAGE 08
COUNTY OF ORANGE

NOTE - ASSESSOR'S BOOK &
PARCEL NUMBERS
SHOWN IN CIRCLES

TRACT NO. 900 MAP 25-21-24

TRACT NO. 900

MARCH 1950

02

25

F E R E W A Y

Stewart Title of California - Major Accounts Division
WIRING INSTRUCTIONS
Title Payoff Account

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

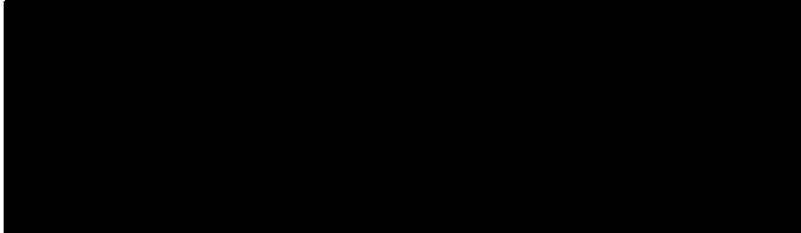
JUL 25 2005 10:14AM

94-12-0417 11:23

PAGE 0027004 Fax Server

Washington Mutual
PO Box 2445
Chatsworth, CA 91313

2005-07-20



Dear Valued Customer:

Thank you for contacting Washington Mutual. We recently received your inquiry and are writing today to give you further information regarding the payoff of the Home Equity Line of Credit including any Fixed Rate Loan(s) attached to the line of credit account.

The following amounts are required to pay off the variable rate portion of the Home Equity Line of Credit and/or Fixed Rate Loan(s). This payoff is good through 07-27-2005.

TOTAL AMOUNT DUE TO PAY THE HOME EQUITY LINE OF CREDIT AND FIXED RATE LOAN(S) IN FULL as of 07-27-2005** \$97,407.40

Variable Rate Portion of the Home Equity Line of Credit Account Number: 859493233

Line Item Description	Amount Due
Principal	95,377.76
Interest	1,523.64
Prepayment Fee	500.00
Reconvey-Rel Fee Ded	6.00
TOTAL AMOUNT DUE	\$97,407.40

The next scheduled payment due date on this account is: 07-15-2005

Issuance of this statement does not suspend the requirement to make the loan payments when and as due under the Agreement and Disclosure. A late charge may be assessed and added to the total amount due if any payment is not received within the payment due date as disclosed in your Agreement and Disclosure.

We must receive the payoff funds along with a signed authorization to close the account at one of the addresses below, dated and signed by any of the borrowers, authorizing the closure of the line of credit. **IF THE SIGNED AUTHORIZATION TO CLOSE THE ACCOUNT IS NOT RECEIVED, THE ACCOUNT WILL REMAIN OPEN AND THE SECURITY INSTRUMENT WILL NOT BE RELEASED.**

Upon submission of these items, all unused checks and/or credit cards must be destroyed. Any checks and/or charges presented for payment after the closure of this account will not be honored and will be the accountholder's responsibility. The Security Instrument will not be released if:

Handwritten mark resembling the number 129.



PO Box 2445
Chatsworth, CA 91313

- Any funds previously received are rejected by the bank upon which they are drawn or,
- An insufficient amount is received to close the account in full.

AUTHORIZATION TO CLOSE THE ACCOUNT

I/WE AUTHORIZE THIS WASHINGTON MUTUAL HOME EQUITY LINE OF CREDIT ACCOUNT 659493233 TO BE CLOSED, INCLUDING ANY FIXED RATE LOANS TIED TO THE LINE OF CREDIT ACCOUNT.

Paul David Bennett

****Payoff figures must be verified within 24 hours prior to payoff. To release the Security Instrument, the variable rate portion and all fixed rate loan options attached to this account must be paid off. Please call 1-888-800-8738 to verify the total amount necessary to pay off this Home Equity Line of Credit. The total amount necessary to pay off this account are subject to final verification from the Bank.**

We reserve the right to adjust these figures and refuse any funds that are not sufficient to pay off the outstanding balance on this Home Equity Line of Credit including any Fixed Rate Loan(s) attached to the line of credit account. This includes, but is not limited to, dishonored payments, adjustments or charges/advances posted to the account between the date of this statement and the receipt of the payoff funds. For same day credit, payoff funds must be received by 12:00 p.m., Monday through Friday (Pacific Time).

The payoff amount quoted herein has been computed to the requested closing date. The Home Equity Line of Credit is a line of credit account; there may be transaction such as payments and/or withdrawals/charges made that have not been credited/debited to the account as of the date of this statement. Therefore, receipt of any of these unprocessed items may change the total payoff amount. In addition, figures may be adjusted if any funds previously received are rejected by the institution upon which they were drawn.

If any incurred charges have not posted to the account at the time of payoff, the account holder will be responsible for these charges. If any charges on the account are in dispute at the time of payoff, and those charges are subsequently determined to be valid, the account holder will still be responsible for such charges.

If the borrower uses the Auto Pay feature on any portion of the Home Equity Line of Credit and including any Fixed Rate Loan(s) attached to the line of credit account, the borrower must request cancellation of the Auto Pay service when submitting the payoff funds. The Auto Pay service will continue to withdraw unless cancellation is requested and received in this office at least three (3) business days prior to the Auto Pay withdrawal date. Do not stop payment on any payment already made.

STANDARD MAILING ADDRESS
Washington Mutual
ATTN: Consumer Lending
Mail Stop BR2CLFL
P.O. Box 6868
Lake Worth, FL 33466

EXPRESS DELIVERY ADDRESS
Washington Mutual
ATTN: Consumer Lending
Mail Stop BR2CLFL
1501 Yamato Road
Boca Raton, FL 33431

We hope to assist you again in the future.

JUL 25 2005 10:14AM

94-42-0417

11:23

PAGE 004/004

NO. 9398 P. 5/10

fax Server

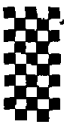
 **Washington Mutual**

PO Box 2445
Chatsworth, CA 91313

Sincerely,

Chris P. Quimby
Consumer Loan Services
Washington Mutual

XPC01



JUL 25 2005 10:15AM Des

Exhibit B (part 2) PAGE 00

NO. 9398 P. 6/10 FAX server



LITTON LOAN SERVICING LP

An affiliate of C-ROSS

4828 Loop Central Drive
Houston, Texas 77081-2226

Payoff Statement

<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
---	---

This statement reflects the amount needed to prepay this mortgage in full. Only cashiers checks or certified funds are acceptable for final payment. Monthly mortgage payments should continue to be made in the normal manner, as the fact that the loan is in the process of being paid in full does not affect the responsibility for making scheduled payments.

[REDACTED] is collected to the date of the receipt of the payoff funds. Please allow for mailing time. Any funds received in excess of the payoff amount will be refunded 30 days after the payoff date. Excess escrow funds are refunded 15 days after the payoff date.

<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
---	---

Our payoff amount is subject to change in the event that any additional charges become due, which have not been included herein, or if any of the payoff figures provided herein have been inadvertently miscalculated or omitted.

317396

10

Payoff Statement
(Continued)

******ACCEPTANCE OF FUNDS IS SUBJECT TO REQUIREMENTS LISTED BELOW******

We reserve the right to amend any portion of this statement at any time. All balances may change if a payment becomes due, a payment is made, a payment is stopped or rejected by the institution for insufficient funds or if amounts are advanced by Litton Loan Servicing LP that become due and payable under the loan documents. We will also continue to pay escrow disbursements as they become due, unless we are notified otherwise in writing. Uncertified funds and wire transfers are not acceptable. Litton Loan Servicing LP will not incur expense in connection with this transaction.

If the borrower is currently set up on ACH (Automatic Payment Drafting), Litton Loan Servicing LP must be notified IN WRITING at least thirty (30) business days prior to the last withdrawal. This notification must be in writing, not by telephone.

Escrow refunds, if applicable, will be refunded within thirty (30) days of payoff. If there is a change of address, please provide the new mailing address with the payoff funds. Escrow refunds will be made payable to the borrowers of record on the Payoff Statement. If escrow funds are to be made payable to anyone other than the borrowers of record, please send legal documentation that will validate a change of ownership with your payoff check.

The documentation to release the lien will be prepared by the Loan Satisfaction Department of Charles A. Brown & Associates, P.C., 4620 Fairmont Parkway, #204, Pasadena, TX 77504. Their Customer Service telephone number is 1-866-941-4928.

All payoff funds must reach the Payoff Department of Litton Loan Servicing LP by 3:00 PM, CST in order to receive same-day posting. Please furnish the name of the closer, address, telephone number, and GF# on all documentation. The LOAN NUMBER MUST BE ON THE PAYOFF CHECK AND ALL CORRESPONDENCE.

Please make remittances payable to:

Litton Loan Servicing LP
4828 Loop Central Drive
Houston, TX 77081-2226
ATTN: Payoff Department

****All overnight mail must indicate "Payoff Department" to guarantee same-day posting of funds****

Contact Number: 1-800-247-9727

**NOTIFICATION OF A CHANGE OF MAILING ADDRESS FOR A PAID-IN-FULL
BORROWER**

Please return this form with the payoff funds if the address of our borrower will be changing

Litton Loan # _____

Property Address _____

Seller's name and Forwarding Address:

Name: _____

Address: _____

Phone: _____

07/20/2005 14:51

9496080116

SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN DIEGO
BARBARA MELLA BRANCH, 8800 CLAREMONT AVENUE, SAN DIEGO, CA 92122-1187
SOUTHWEST COUNTY DIVISION, 545 S. LAKE CREST BLVD., VINTA, CA 92083-0008
EAST COUNTY DIVISION, 720 E. MAIN ST., EL CAJON, CA 92021-3801
RAMONA BRANCH, 1478 MONTECITO RD., RAMONA, CA 92064-6700
SOUTH COUNTY DIVISION, 600 3RD AVE., CHULA VISTA, CA 91910-0849

SMALL CLAIMS CASE NO. SNO15565

PLAINTIFF/DEMANDANTE (Name and address of each)

Eric Parrey
P.O. Box 9082
Rancho Santa Fe, CA 92067

DEFENDANT/DEMANDADO (Name and address of each)

Paul Bennett
107 Avenue San Dimas
San Clemente, CA 92672
Leslie Ann Bennett
107 Avenue San Dimas
San Clemente, CA 92672

See attached sheet for additional plaintiffs and defendants.

REQUEST TO PAY JUDGMENT TO COURT

- Instead of paying the judgment directly to the creditor, I want to pay it to the court.
- Date judgment was entered (specify): 5/9/02
- Judgment creditor (the person or business you were ordered to pay)
 - Full name: Eric Parrey
 - Address (use last known): P.O. Box 9082, Rancho Santa Fe, CA 92067
- I understand that the amount of money I must pay to get a satisfaction of judgment is the total of the
 - principal amount of money the court ordered me to pay,
 - costs (if awarded by the court),
 - interest accrued on the judgment,
 - the court's processing fee, and
 - other charges the court has added to the judgment. (The court will calculate the total (see reverse).)
- Partial payment (Complete this section if you have ALREADY PAID PART of the judgment.)

I have already paid part of the judgment.

Amount paid: \$ _____ (check one or both of the boxes below)

 - by check or money order. (Attach a copy of both sides of the canceled check or money order.)
 - by cash. (Attach a copy of the signed, dated cash receipt.)
- I understand that if I pay by personal check, satisfaction of judgment will be delayed 30 days.
- I request the court to calculate the total amount required to enter a satisfaction of judgment, and to enter a satisfaction of judgment after I have paid the total amount to the court.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date: 4/3/03

ORIGINAL SIGNATURE ON FILE

(TYPE OR PRINT NAME)

(SIGNATURE OF JUDGMENT DEBTOR)

Judgment creditor: See important notice on reverse.

<p>CERTIFICATION</p> <p>I certify that this document is a true and correct copy of the original on file with this court.</p> <p>STEPHEN THUNBERG CLERK OF THE SUPERIOR COURT</p> <p>by <u>[Signature]</u> Deputy 2-2704</p>	<p>SATISFACTION OF JUDGMENT (for court use only)</p> <p>(1) <input checked="" type="checkbox"/> Full satisfaction of judgment entered as to judgment debtor (name): <u>Eric Parrey</u> on (date): <u>5/2/03</u></p> <p>(2) <input type="checkbox"/> Full satisfaction of judgment NOT entered as requested (state reason):</p> <p>STEPHEN THUNBERG CLERK OF THE SUPERIOR COURT</p> <p>by <u>[Signature]</u> Deputy</p>
--	---

(Continued on reverse)

PLAINTIFF: <u>Parrey</u>	CASE NUMBER: <u>SNC 15811</u>
DEFENDANT: <u>Bennett</u>	

FOR COURT USE ONLY

1. Judgment entered on (date): 5/9/02

2. Amount to be paid as of date of request (specify):

a. Unpaid principal	\$ 1780.00
b. Costs	
c. Post judgment costs	
d. Credits (see receipts)	
e. Interest accrued (to date in item 2, above)	\$ 163.00
f. Processing fee	\$ 25.00
g. Other (specify)	
SUBTOTAL	
Add interest at \$ <u>.49</u> per day (from date in item 2)	
TOTAL	\$ <u>1,968.07</u>

CLERK'S CERTIFICATE OF MAILING

I certify that I am not a party to this action. This Notice to Judgment Creditor was mailed first class, postage prepaid, in sealed envelope to the address shown in Item 3 on the reverse. The mailing and this certification occurred at (place): San Diego Vista El Cajon Ramona Chula Vista, California on (date): 4/4/03

by Stephen Thierberg
 CLERK OF THE SUPERIOR COURT
 SAN DIEGO COUNTY, CALIFORNIA

FILED
 SAN DIEGO COUNTY
 CLERK OF THE SUPERIOR COURT
 APR 9 9 41 AM '03

NOTICE TO JUDGMENT CREDITOR

- The judgment debtor has fully satisfied the judgment entered by making payment to the court in the amount shown above.
- You may claim this money by
 - presenting this form in person to the court clerk during regular business hours,
 - OR
 - mailing this form to the court.
- Complete the Judgment Creditor's Request for Funds below.
- Money not claimed within three years becomes the property of the court (see Government Code sections 50050-50056).

JUDGMENT CREDITOR'S REQUEST FOR FUNDS

I request the court to pay the money to me by mail at my current address (specify):

Po Box 9082
 Rancho Santa Fe,
 CA 92067

(Mail or deliver this form to the court clerk. Keep a photocopy for yourself.)

Date: April 5, 2003

Eric Parrey
 (TYPE OR PRINT NAME)

Eric Parrey
 (SIGNATURE OF JUDGMENT CREDITOR)

Stewart Title of California - Major Accounts Division
WIRING INSTRUCTIONS
Title Payoff Account



CITY OF LOS ANGELES
BY: [Signature]



18008 Sky Park Circle, #200
Irvine, CA 92614

Phone: (949) 442-0412
Fax: (949) 442-0417

Joan Nasser
Escrow Officer

Date: July 20, 2005
Escrow No.: 50014327

AMENDED ESCROW INSTRUCTIONS

Property Address: 107 Avenida San Dimas San Clemente, CA 92672

THE ABOVE NUMBERED ESCROW IS HEREBY AMENDED AND/OR SUPPLEMENTED AS FOLLOWS:

BORROWER'S VESTING: Leslie Bennett and Paul Daniel Bennett, Wife and Husband as Joint Tenants


NEW LOAN: Borrower will obtain a new loan in the amount of \$695,000.00 secured by a first deed of trust in favor of People's Choice Home Loan, Inc. payable at an initial interest rate of 8.5000% per annum. This is an adjustable interest rate loan for 30 years. Borrower's execution of loan documents and/or other lender's instructions will deem his full approval of same.

GRANT DEED RECORDING

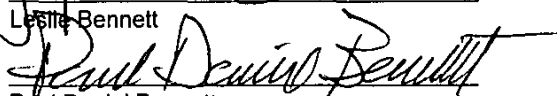
Escrow Holder is hereby authorized and instructed to prepare for recording concurrent herein a GRANT DEED to be executed by LESLIE BENNETT AND PAUL DANIEL BENNETT, WIFE AND HUSBAND (WHO ACQUIRED TITLE AS PAUL DANIEL BENNETT AND LESLIE BENNETT, HUSBAND AND WIFE) in favor of LESLIE BENNETT AND PAUL DANIEL BENNETT, WIFE AND HUSBAND AS JOINT TENANTS, with no consideration paid for execution of same.

The cost for preparation (if applicable) and recording of said Grant Deed to be charged through this Escrow.

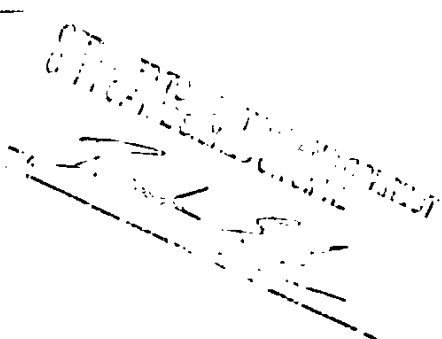
ALL OTHER TERMS AND CONDITIONS TO REMAIN THE SAME.



Leslie Bennett



Paul Daniel Bennett





18008 Sky Park Circle, #200
Irvine, CA 92614

Phone: (949) 442-0412
Fax: (949) 442-0417

THE ESCROW FACTORY, INC. IS LICENSED BY THE DEPARTMENT OF CORPORATIONS
OF THE STATE OF CALIFORNIA, LICENSE NUMBER 963-2037

REFINANCE ESCROW INSTRUCTIONS

Escrow No.: 50014327

Joan Nasser
Escrow Officer

Date: July 20, 2005

LOAN AMOUNT(S) \$695,000.00

I/We will deliver to you any instruments which this escrow requires, fully executed, all of which you are instructed to use provided that on or before **July 25, 2005** you hold a policy of title insurance issued by **Stewart Title of California, Inc.** covering property:

Lot 9 of Block 3 of Tract 900 in the City of San Clemente, County of Orange, State of California, as per map recorded in Book 28, Pages 21 to 24 inclusive of Miscellaneous Maps, in the office of the County Recorder of said Orange County.

BORROWER STATES THAT THE PROPERTY ADDRESS IS: 107 Avenida San Dimas, San Clemente, CA 92672

SHOWING TITLE VESTED IN: Leslie Bennett and Paul Daniel Bennett, Wife and Husband as Joint Tenants

FREE FROM ENCUMBRANCES EXCEPT:

- (1) General and special Taxes for the fiscal year, including property taxes and/or supplemental taxes assessed pursuant to the provisions of Chapter 498, Statutes of the State of California.
- (2) Covenants, conditions, restrictions, reservations, rights, rights of way, and easements, and any oil, gas, or mineral reservations now of record, if any.
- (3) First Deed of Trust to record securing a note in the amount of \$695,000.00 with Lender of Borrower's choice. Borrower herein agrees to comply with the new Lender's requirements and Borrower's signature on final loan documents will be deemed Borrower's approval of the new loan being secured herein.

INSTRUCTIONS:

- A. BORROWER to furnish, when required, a new fire insurance policy satisfactory to the new lender and authorizes payment of bill, if presented in escrow.
- B. Borrower authorizes and instructs Escrow Holder to pay closing costs including but not necessarily limited to: Loan origination fee as required by Lender, ALTA title policy, premium for new fire insurance policy or increase in premium for existing coverage, escrow, recording fees, and any other charges as may be required by Lender.
- C. Escrow holder is hereby authorized and instructed to pay all liens of record through the closing of this transaction. Escrow holder is hereby instructed to secure demands for all liens according to the preliminary title report and forward same to Title in order to complete the transaction and comply with the new Lenders requirements.

[Handwritten signature and stamp]

(CONTINUED)

Borrower's Initials: *LB*

EXHIBIT B
Page 292

[Handwritten signature]

Date: July 20, 2005

Escrow No.: 50014327

Page 2 of 3: Additional instructions made a part of previous pages as fully incorporated therein.

ADDITIONAL ESCROW CONDITIONS AND INSTRUCTIONS
GENERAL PROVISIONS

1. It is mutually understood and agreed by all parties to this escrow, jointly and severally, that: All funds received in this escrow shall be deposited with a State or Federal Bank in an "Escrow Funds Account" without liability for interest. The maintenance of such "Escrow Fund Accounts" services or other benefits by the depository institution. Any such services or benefits shall accrue to escrow holder and escrow holder shall have no obligation to account to the parties to this escrow for the value of same. Earnest money deposits received in a sale or purchase however may be invested in an interest bearing account, upon the mutual agreement of and further written authorization to escrow holder, from all parties to this transaction. In that event escrow holder shall assess a minimum charge of \$50.00 for such service. All disbursements shall be made by check of this escrow company, unless otherwise directed in writing. Make all adjustments and prorations on the basis of a 30-day month. "Close of Escrow" is the day instruments are recorded. My/our signature(s) on any documents and instructions pertaining to the escrow indicate our unconditional approval of same.
2. You shall not be responsible or liable in any manner whatsoever for the sufficiency or correctness as to form. Manner of execution of validity of any documents deposited in escrow, nor as to the identity, authority or rights of any person executing the same, either as to documents of record or those handled in this escrow. Your duties hereunder shall be limited to the reasonable safekeeping of such money and documents received by you as escrow holder, and for the disposition of the same in accordance with the written instructions accepted by you in this escrow. You shall not be required to take any action in connection with the collection, maturity or apparent outlaw of any obligations, deposited in this escrow unless otherwise instructed. You shall not be liable for any of your acts or omissions done in good faith, nor for any claims, demands, losses or damages made, claimed or suffered by any party to this escrow, excepting such as may arise through or be caused by your willful neglect or gross misconduct. Your knowledge of matters effecting the property, provided such facts do not prevent compliance with these instructions, does not create any liability or duty in addition to your responsibility under these instructions.
3. The parties guarantee and you shall be fully protected in assuming that as to any insurance policies handed you, each policy is in force, has not been hypothecated, and all necessary premiums therefore have been paid. You will, as my agent, assign any fire insurance handed you for use in this escrow, unless buyer/borrower elects to furnish new insurance.
4. Deliver assurances of title, if requested, and insurance policies, if any, to holder of senior encumbrance or his order, with copies to buyer/borrowers, or if their be no encumbrances, then to the buyer/borrower or his order.
5. If the conditions of this escrow have not been complied with at the time herein provided, you are nevertheless to complete the same as soon as the conditions (except as to time) have been complied with, unless I/We shall have made written demand upon you for the return of money and instruments deposited by me. No notice, demand or change of instructions shall be of any effect in this escrow unless given in writing by all parties affected thereby. In the event conflicting demands are made or notices served upon you with respect to this escrow, the parties hereto expressly agree that you shall have the absolute right at your election to do either or both of the following: withhold and stop all further proceedings in, and performance of, this escrow, or file a suit in interpleader and obtain an order from the court requiring the parties to interplead and litigate in such court their several claims and rights among themselves. In the event such interpleader suite is brought, you shall ipso facto be fully released and discharged from all obligations to further perform any and all duties or obligations imposed upon you in this escrow, and the parties jointly and severally agree to pay you all costs, expenses and reasonable attorney's fees expended or incurred by you in the amount thereof to be fixed and a judgment therefore to be rendered by the court in such suit.
6. All notices, demands and instructions must be in writing. Should you before or after the close of escrow receive or become aware of any conflicting demands or claims with respect to this escrow or the rights of the parties hereto, or any money or property deposited herein or affected hereby, you shall have the right to discontinue any or all further acts on your part until such conflict is resolved to your satisfaction, and you shall have the further right to commence or defend any action or proceedings for the determination of such conflict. The parties hereto jointly and severally agree to pay all costs, damages, judgments, and expenses, including reasonable attorney's fees, suffered or incurred by you in connection with, or arising out of this escrow, including, but without limiting the generality of the foregoing, a suit in interpleader brought by you. In the event you file suit in interpleader, you shall ipso facto be fully released and discharged from all obligations imposed upon you in this escrow.
7. If for any reason funds are retained or remain in escrow, you are to deduct therefrom a reasonable monthly charge as custodian thereof of not less than \$25.00 per month.
8. These instructions may be executed in counterparts, each of which shall be deemed an original regardless of the date of its execution and delivery. All such counterparts together constitute one and the same document. You are hereby given a lien upon all the rights, title and interest of each of the parties hereto in all escrowed documents, funds and other property, and all monies or property for any and all expenses, attorney's fees, losses and other liabilities caused you in this escrow and to the extent permitted by law, from proceeds on deposit after the time specified for completion, you may pay your fees and expenses.
9. You are hereby authorized to deposit any funds or documents handed you under these escrow instructions, or cause these made to be deposited; with any duly authorized sub-escrow agent, subject to your order at or prior to the close of escrow, in the event such deposit shall be necessary or convenient for the consummation of this escrow.
10. The parties to these escrow instructions authorize you to destroy these instructions, and all other subsequent instructions, regardless of the date of same, and all records of this escrow at anytime after five (5) years from the date of close of escrow, without liability on your part or of further notice from us.
11. You are hereby authorized and instructed to transfer any monies due either of the parties of this escrow to any other escrow you may be holding in order to complete said escrow, or to pay any charges due you in any other manner.
12. In the course of processing this escrow, if charges are incurred for telephone, fax, wire transfer of funds, federal express, messenger or similar mail service, you are instructed to debit the account of the party responsible for said charges.
13. In the event of failure to pay fees or expenses due you hereunder, on demand, I/We agree to pay a reasonable fee for any attorney's services that may be required to collect such fees or expenses.
14. In the event there is a conflict or inconsistency between these instructions and other computer/typewritten instructions inserted at the direction of the buyer/borrower and seller, then any such inconsistency or conflict shall be resolved in favor of the computer/typewritten instructions, and the parties shall be deemed to have intended the meaning conveyed in said computer/typewritten instructions.
15. In any action, proceeding, arbitration, or mediation to enforce the terms of these escrow instructions, amendments thereto of any other instructions to escrow, the prevailing party shall be entitled to reasonable attorney's fees and costs from the non-prevailing party.
16. The Escrow Factory, Inc. is licensed by the Department of Corporations.

(CONTINUED)

Borrower's Initials:

EXHIBIT B

Page 293

Date: July 20, 2005

Escrow No.: 50014327

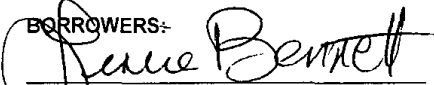
Page 3 of 3: Additional instructions made a part of previous pages as fully incorporated therein.

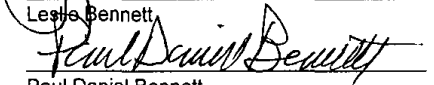
ESCROW COMPANIES ARE NOT AUTHORIZED TO GIVE LEGAL ADVICE. IF YOU DESIRE LEGAL ADVICE, CONSULT YOUR ATTORNEY BEFORE SIGNING.

I/We agree to pay FUNDS REQUIRED TO CLOSE ESCROW UPON DEMAND, IF ANY. PURSUANT TO AB512, JANUARY 1, 1990, ALL LENDER'S FUNDS (IF APPLICABLE) AND BORROWER'S FUNDS TO BE DEPOSITED MUST BE CLEARED FUNDS PRIOR TO RECORDATION OF THIS TRANSACTION. IF IT IS DEEMED NECESSARY TO WIRE FUNDS, TO EXPEDITE THE CLOSE OF ESCROW, ESCROW HOLDER IS INSTRUCTED TO PROCEED ACCORDINGLY AND TO CHARGE BORROWER, AT THE CLOSE OF ESCROW.

The foregoing terms, provisions, conditions, and instructions, and those "General Provisions" contained herein are hereby approved and accepted in their entirety and concurred in by me. I will hand you necessary documents called for on my part to cause title to be shown as above which you are authorized to deliver when you hold for my account the sum of \$695,000.00 within the time as above provided, pay your escrow charges, my recording fees, charges for evidence of title as called for, whether or not this escrow is consummated. You are hereby authorized to pay bonds, assessments, taxes, and any liens of record to show title as called for.

EACH PARTY SIGNING THESE INSTRUCTIONS HAS READ THE ADDITIONAL ESCROW CONDITIONS AND INSTRUCTIONS CONTAINED HEREIN AND APPROVES, ACCEPTS AND AGREES TO BE BOUND THEREBY. ALL PARTIES SIGNING THIS AGREEMENT HEREBY ACKNOWLEDGE RECEIPT OF A COPY OF THESE INSTRUCTIONS.

BORROWERS:


 Leslie Bennett


 Paul Daniel Bennett

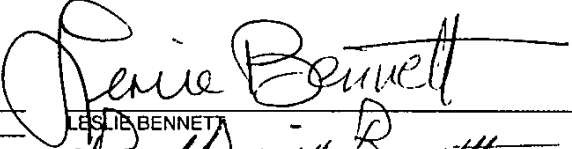
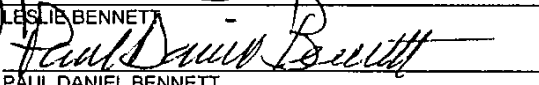
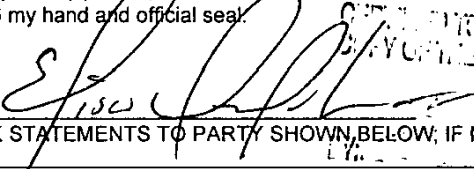
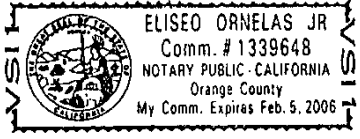
Paul S. Bennett

RECORDING REQUESTED BY:
Stewart Title of California, Inc.

AND WHEN RECORDED MAIL TO:

Mrs. and Mr. Leslie Bennett
107 AVENIDA SAN DIMAS
SAN CLEMENTE, CA 92672

THIS SPACE FOR RECORDER'S USE ONLY:

Title Order No.: 92509364	GRANT DEED	Escrow No.: 50014327
<p>THE UNDERSIGNED GRANTOR(S) DECLARE(S) DOCUMENTARY TRANSFER TAX is \$NONE <input checked="" type="checkbox"/> computed on full value of property conveyed, or <input type="checkbox"/> computed on full value less value of liens or encumbrances remaining at time of sale. <input type="checkbox"/> Unincorporated area <input checked="" type="checkbox"/> City of San Clemente AND</p> <p>FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,</p> <p>LESLIE BENNETT AND PAUL DANIEL BENNETT, WIFE AND HUSBAND (WHO ACQUIRED TITLE AS PAUL DANIEL BENNETT AND LESLIE BENNETT, HUSBAND AND WIFE)</p> <p>hereby GRANT(s) to:</p> <p>Leslie Bennett and Paul Daniel Bennett, Wife and Husband as Joint Tenants</p> <p>the real property in the City of San Clemente, County of Orange, State of California, described as: Lot 9 of Block 3 of Tract 900 in the City of San Clemente, County of Orange, State of California, as per map recorded in Book 28, Pages 21 to 24 inclusive of Miscellaneous Maps, in the office of the County Recorder of said Orange County. Also Known as: 107 Avenida San Dimas, San Clemente, CA 92672 AP#: 060-091-26</p> <p>DATED July 20, 2005 STATE OF CALIFORNIA COUNTY OF <u>ORANGE</u> On <u>JULY 20, 2005</u> Before me, <u>ELISEO ORNELAS JR</u> A Notary Public in and for said State, personally appeared <u>LESLIE BENNETT AND</u> <u>PAUL DANIEL BENNETT</u></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  _____ LESLIE BENNETT </div> <div style="text-align: center;">  _____ PAUL DANIEL BENNETT </div> </div> <p>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.</p> <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="width: 40%;"> <p>Signature </p> </div> <div style="width: 50%; text-align: center;">  <small>(This area for official notarial seal)</small> </div> </div> <p>MAIL TAX STATEMENTS TO PARTY SHOWN BELOW; IF NO PARTY SHOWN, MAIL AS DIRECTED ABOVE:</p>		

BOE-502-A (FRONT) REV.2 (6-99)
PRELIMINARY CHANGE OF OWNERSHIP REPORT

[To be completed by transferee (buyer) prior to transfer of the subject property in accordance with section 480.3 of the Revenue and Taxation Code.] A Preliminary Change of Ownership Report must be filed with each conveyance in the County Recorder's office for the county where the property is located; this particular form may be used in all 58 countries of California.

THIS REPORT IS NOT A PUBLIC DOCUMENT

SELLER/TRANSFEROR:
BUYER/TRANSFeree: Leslie Bennett and Paul Daniel Bennett
ASSESSOR'S PARCEL NUMBER(S): 060-091-26
PROPERTY ADDRESS OR LOCATION: 107 Avenida San Dimas, San Clemente, CA 92672
MAIL TAX INFORMATION TO: NAME: Mrs. and Mr. Leslie Bennett
ADDRESS: , , CA

SP		
FOR RECORDER'S USE ONLY		
DOC. DT.		
DOC. NR.		
FOR ASSESSOR'S USE ONLY		
EMP. NR	SITE. USE	DIST
APL. CD	PCT. INT. APL	NGH
EFF. DOC. DT		CL
SQ. FT.		

NOTICE: A lien for property taxes applies to your property on January 1 of each year for the taxes owing in the following fiscal year, July 1 through June 30. One-half of these taxes is due November 1, and one-half is due February 1. The first installment becomes delinquent on December 10, and the second installment becomes delinquent on April 10. One tax bill is mailed before November 1 to the owner of record. If this transfer occurs after January 1 and on or before December 31, you may be responsible for the second installment of taxes due February 1.

The property which you acquired may be subject to a supplemental assessment in an amount to be determined by the Orange County Assessor. For further information on your supplemental roll obligation, please call the Orange County Assessor at (714)834-2727.

PART I: TRANSFER INFORMATION (please answer all questions)

- | | | |
|-----|-----|--|
| YES | NO | |
| () | () | A. Is this transfer solely between husband and wife (addition of a spouse, death of a spouse, divorce settlement, etc.)? |
| () | () | B. Is this transaction only a correction of the name(s) of the person(s) holding title to the property (for example, a name change upon marriage)? |
| () | () | C. Is this document recorded to create, terminate, or reconvey a lender's interest in the property? |
| () | () | D. Is this transaction recorded only as a requirement for financing purposes or to create, terminate, or reconvey a security interest (e.g., cosigner)? |
| () | () | E. Is this document recorded to substitute a trustee under a deed of trust, mortgage, or other similar document? |
| () | () | F. Did this transfer result in the creation of a joint tenancy in which the seller (transferor) remains as one of the joint tenants? |
| () | () | G. Does this transfer return property to the person who created the joint tenancy (original transferor)? |
| () | () | H. Is this transfer of property: |
| () | () | 1. to a trust for the benefit of the grantor, or grantor's spouse? |
| () | () | 2. to a trust revocable by the transferor? |
| () | () | 3. to a trust from which the property reverts to the grantor within 12 years? |
| () | () | I. If this property is subject to a lease, is the remaining lease term 35 years or more including written options? |
| () | () | *J. Is this a transfer between [] parent(s) to child(ren) [] or from grandparent(s) to grandchild(ren)? |
| () | () | *K. Is this transaction to replace a principal residence by a person 55 years of age or older? |
| () | () | Within the same county? [] Yes [] No |
| () | () | *L. Is this transaction to replace a principal residence by a person who is severely disabled as defined by Revenue and Taxation Code section 69.5? Within the same county? [] Yes [] No |

* If you checked yes to J, K, or L, you may qualify for a property tax reassessment exclusion, which may result in lower taxes on your property. If you do not file a claim, your property will be reassessed.

Please provide any other information that will help the Assessor to understand the nature of the transfer.

If you have answered "yes" to any of the above questions except J, K or L, please sign and date; otherwise, complete balance of the form.

PART II: OTHER TRANSFER INFORMATION

- A. Date of Transfer if other than recording date. _____
- B. Type of transfer. Please check appropriate box.
 Purchase Foreclosure Gift Trade or Exchange Merger, Stock or Partnership Acquisition
 Contract of Sale - Date of Contract _____
 Inheritance - Date of Death _____ () Other: Please explain: _____
 Creation of a Lease; () Assignment of a Lease; () Termination of a Lease () Sale/Leaseback
 Date Lease began _____
 Original term in years (including written options) _____
 Remaining term in years (including written options) _____
- C. Was only a partial interest in the property transferred? () Yes () No
 If yes, indicate the percentage transferred. _____ %

BOE-502-A (BACK) REV. 2 (6-99)

Please answer, to the best of your knowledge, all applicable questions, sign and date. If a question does not apply, indicate with "N/A".

PART III: PURCHASE PRICE AND TERMS OF SALE

A. CASH DOWN PAYMENT OR value of trade or exchange (excluding closing costs) Amount \$ _____

B. FIRST DEED OF TRUST @ _____ % interest for _____ years. Pymts./Mo = \$ _____ (Prin & Int only) Amount \$ _____
 FHA (_____ Discount Points) Fixed Rate New Loan
 Conventional Variable Rate Assumed existing loan balance
 VA (_____ Discount Points) All Inclusive D.T. (\$ _____ Wrapped) Bank or Savings & Loan
 Cal-Vet Loan carried by seller Finance company
 Balloon Payment Yes No Due Date _____ Amount \$ _____

C. SECOND DEED OF TRUST @ _____ % interest for _____ years. Pymts./Mo = \$ _____ (Prin & Int only) Amount \$ _____
 Bank of Savings & Loan Fixed Rate New Loan
 Loan Carried by Seller Variable Rate Assumed Existing Loan Balance
 Balloon Payment Yes No Due Date _____ Amount \$ _____

D. OTHER FINANCING: Is other financing involved not covered in (b) or (c) above? Yes No Amount \$ _____
 Type _____ @ _____ % interest for _____ years. Pymts./Mo. = \$ _____ (Prin & Int only)
 Bank of Savings & Loan Fixed Rate New Loan
 Loan Carried by Seller Variable Rate Assumed Existing Loan Balance
 Balloon Payment Yes No Due Date _____ Amount \$ _____

E. WAS AN IMPROVEMENT BOND ASSUMED BY THE BUYER? Yes No Outstanding Balance: Amount \$ _____

F. TOTAL PURCHASE PRICE: (or acquisition price, if traded or exchanged, include real estate commission if paid)

TOTAL ITEMS A THROUGH E \$ _____

G. PROPERTY PURCHASE: Through a broker; Direct from seller; From a family member Other (please explain): _____
 If purchased through a broker, provide broker's name and phone number: _____
 Please explain any special terms, seller concessions, or financing and any other information that would help the Assessor understand the purchase price and terms of sale: _____

PART IV: PROPERTY INFORMATION

A. TYPE OF PROPERTY TRANSFERRED:
 Single-family residence Agricultural Timeshare
 Multiple-family residence (no. of units: _____) Co-op/Own-your-own Manufactured home
 Commercial/Industrial Condominium Unimproved lot
 Other (Description: _____)

B. IS THIS PROPERTY INTENDED AS YOUR PRINCIPAL RESIDENCE? Yes No
 If yes, enter date of occupancy _____ / _____ / _____ or intended occupancy _____ / _____ / _____
(month) (day) (year) (month) (day) (year)

C. IS PERSONAL PROPERTY INCLUDED IN PURCHASE PRICE (i.e., furniture, farm equipment, machinery, etc.)
 (other than a manufactured home subject to local property tax)? Yes No
 If yes, enter the value of the personal property included in the purchase price \$ _____ (Attach itemized list of personal property.)

D. IS THE MANUFACTURED HOME INCLUDED IN PURCHASE PRICE? Yes No
 If yes, how much of the purchase price is allocated to the manufactured home? \$ _____
 Is the manufactured home subject to local property tax? Yes No What is the decal number? _____

E. DOES THE PROPERTY PRODUCE INCOME? Yes No If yes, is the income from:
 Lease/Rent Contract Mineral rights Other - (please explain): _____

F. WHAT WAS THE CONDITION OF THE PROPERTY AT THE TIME OF SALE?
 Good Average Fair Poor

Please explain the physical condition of the property and provide any other information (such as restrictions, etc.) that would assist the Assessor in determining the value of the property: _____

CERTIFICATION

I certify that the foregoing is true, correct and complete to the best of my knowledge and belief.

SIGNATURE OF NEW OWNER/CORPORATE OFFICER Paul Daniel Beal DATE 11/01/05
 PRINTED NAME OF NEW OWNER/CORPORATE OFFICER PAUL DANIEL BEAL DAYTIME PHONE NUMBER 949 463-7505

(NOTE: The Assessor may contact you for further information)

If a document evidencing a change of ownership is presented to the recorder for recordation without the concurrent filing of a preliminary change of ownership report, the recorder may charge an additional recording fee of twenty dollars (\$20).

RECORDING REQUESTED BY:
Stewart Title of California, Inc.

AND WHEN RECORDED MAIL TO:

Mrs. and Mr. Leslie Bennett
107 AVENIDA SAN DIMAS
SAN CLEMENTE, CA 92672

THIS SPACE FOR RECORDER'S USE ONLY:

Title Order No.: 92509364 Escrow No.: 50014327

GRANT DEED

THE UNDERSIGNED GRANTOR(S) DECLARE(S)

DOCUMENTARY TRANSFER TAX is \$NONE

- computed on full value of property conveyed, or
- computed on full value less value of liens or encumbrances remaining at time of sale.
- Unincorporated area City of San Clemente **AND**

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

LESLIE BENNETT AND PAUL DANIEL BENNETT, WIFE AND HUSBAND (WHO ACQUIRED TITLE AS PAUL DANIEL BENNETT AND LESLIE BENNETT, HUSBAND AND WIFE)

hereby GRANT(s) to:

Leslie Bennett and Paul Daniel Bennett, Wife and Husband as Joint Tenants

the real property in the City of San Clemente, County of Orange, State of California, described as:
Lot 9 of Block 3 of Tract 900 in the City of San Clemente, County of Orange, State of California, as per map recorded in Book 28, Pages 21 to 24 inclusive of Miscellaneous Maps, in the office of the County Recorder of said Orange County.

Also Known as: 107 Avenida San Dimas, San Clemente, CA 92672
AP#: 060-091-26

DATED July 20, 2005

STATE OF CALIFORNIA
COUNTY OF ORANGE

On JULY 20, 2005

Before me, ELISEO ORNELAS JR

A Notary Public in and for said State, personally appeared

LESLIE BENNETT AND
PAUL DANIEL BENNETT

Leslie Bennett

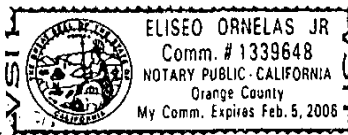
LESLIE BENNETT

Paul Daniel Bennett

PAUL DANIEL BENNETT

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.



COPIES OF THIS INSTRUMENT AND CORRECT COPY OF THE SIGNED ORIGINAL

Signature *[Signature]*

BY: _____ (This area for official notarial seal)

MAIL TAX STATEMENTS TO PARTY SHOWN BELOW; IF NO PARTY SHOWN, MAIL AS DIRECTED ABOVE.

BOE-502-A (FRONT) REV.2 (6-99)
PRELIMINARY CHANGE OF OWNERSHIP REPORT

[To be completed by transferee (buyer) prior to transfer of the subject property in accordance with section 480.3 of the Revenue and Taxation Code.] A Preliminary Change of Ownership Report must be filed with each conveyance in the County Recorder's office for the county where the property is located; this particular form may be used in all 58 countries of California.

THIS REPORT IS NOT A PUBLIC DOCUMENT

SELLER/TRANSFEROR:
 BUYER/TRANSFEE: Leslie Bennett and Paul Daniel Bennett
 ASSESSOR'S PARCEL NUMBER(S): 060-091-26
 PROPERTY ADDRESS OR LOCATION: 107 Avenida San Dimas, San Clemente, CA 92672
 MAIL TAX INFORMATION TO: NAME: Mrs. and Mr. Leslie Bennett
 ADDRESS: , CA

SP		
FOR RECORDER'S USE ONLY		
DOC. DT.		
DOC. NR.		
FOR ASSESSOR'S USE ONLY		
EMP. NR	SITE. USE	DIST
APL. CD	PCT. INT. APL	NGH
EFF. DOC. DT		CL
SQ. FT.		

NOTICE: A lien for property taxes applies to your property on January 1 of each year for the taxes owing in the following fiscal year, July 1 through June 30. One-half of these taxes is due November 1, and one-half is due February 1. The first installment becomes delinquent on December 10, and the second installment becomes delinquent on April 10. One tax bill is mailed before November 1 to the owner of record. If this transfer occurs after January 1 and on or before December 31, you may be responsible for the second installment of taxes due February 1.

The property which you acquired may be subject to a supplemental assessment in an amount to be determined by the Orange County Assessor. For further information on your supplemental roll obligation, please call the Orange County Assessor at (714)834-2727.

PART I: TRANSFER INFORMATION (please answer all questions)

- | | | |
|-----|-----|--|
| YES | NO | |
| () | () | A. Is this transfer solely between husband and wife (addition of a spouse, death of a spouse, divorce settlement, etc.)? |
| () | () | B. Is this transaction only a correction of the name(s) of the person(s) holding title to the property (for example, a name change upon marriage)? |
| () | () | C. Is this document recorded to create, terminate, or reconvey a lender's interest in the property? |
| () | () | D. Is this transaction recorded only as a requirement for financing purposes or to create, terminate, or reconvey a security interest (e.g., cosigner)? |
| () | () | E. Is this document recorded to substitute a trustee under a deed of trust, mortgage, or other similar document? |
| () | () | F. Did this transfer result in the creation of a joint tenancy in which the seller (transferor) remains as one of the joint tenants? |
| () | () | G. Does this transfer return property to the person who created the joint tenancy (original transferor)? |
| () | () | H. Is this transfer of property: |
| () | () | 1. to a trust for the benefit of the grantor, or grantor's spouse? |
| () | () | 2. to a trust revocable by the transferor? |
| () | () | 3. to a trust from which the property reverts to the grantor within 12 years? |
| () | () | I. If this property is subject to a lease, is the remaining lease term 35 years or more including written options? |
| () | () | *J. Is this a transfer between [] parent(s) to child(ren) [] or from grandparent(s) to grandchild(ren)? |
| () | () | *K. Is this transaction to replace a principal residence by a person 55 years of age or older? |
| () | () | Within the same county? [] Yes [] No |
| () | () | *L. Is this transaction to replace a principal residence by a person who is severely disabled as defined by Revenue and Taxation Code section 69.5? Within the same county? [] Yes [] No |

* If you checked yes to J, K, or L, you may qualify for a property tax reassessment exclusion, which may result in lower taxes on your property. If you do not file a claim, your property will be reassessed.

Please provide any other information that will help the Assessor to understand the nature of the transfer.

If you have answered "yes" to any of the above questions except J, K or L, please sign and date; otherwise, complete balance of the form.

PART II: OTHER TRANSFER INFORMATION

- A. Date of Transfer if other than recording date. _____
- B. Type of transfer. Please check appropriate box.
 Purchase Foreclosure Gift Trade or Exchange Merger, Stock or Partnership Acquisition
 Contract of Sale - Date of Contract _____
 Inheritance - Date of Death _____
 Creation of a Lease; Assignment of a Lease; Termination of a Lease _____
 Date Lease began _____
 Original term in years (including written options) _____
 Remaining term in years (including written options) _____
- C. Was only a partial interest in the property transferred? Yes No
 If yes, indicate the percentage transferred: _____ %

BOE-502-A (BACK) REV. 2 (6-99)

Please answer, to the best of your knowledge, all applicable questions, sign and date. If a question does not apply, indicate with "N/A".

PART III: PURCHASE PRICE AND TERMS OF SALE

A. CASH DOWN PAYMENT OR value of trade or exchange (excluding closing costs) Amount \$ _____

B. FIRST DEED OF TRUST @ _____ % interest for _____ years. Pymts./Mo. = \$ _____ (Prin & Int only) Amount \$ _____
 FHA (_____ Discount Points) Fixed Rate New Loan
 Conventional Variable Rate Assumed existing loan balance
 VA (_____ Discount Points) All Inclusive D.T. (\$ _____ Wrapped) Bank or Savings & Loan
 Cal-Vet Loan carried by seller Finance company
 Balloon Payment Yes No Due Date _____ Amount \$ _____

C. SECOND DEED OF TRUST @ _____ % interest for _____ years. Pymts./Mo. = \$ _____ (Prin & Int only) Amount \$ _____
 Bank of Savings & Loan Fixed Rate New Loan
 Loan Carried by Seller Variable Rate Assumed Existing Loan Balance
 Balloon Payment Yes No Due Date _____ Amount \$ _____

D. OTHER FINANCING: Is other financing involved not covered in (b) or (c) above? Yes No Amount \$ _____
 Type _____ @ _____ % interest for _____ years. Pymts./Mo. = \$ _____ (Prin & Int only)
 Bank of Savings & Loan Fixed Rate New Loan
 Loan Carried by Seller Variable Rate Assumed Existing Loan Balance
 Balloon Payment Yes No Due Date _____ Amount \$ _____

E. WAS AN IMPROVEMENT BOND ASSUMED BY THE BUYER? Yes No Outstanding Balance: Amount \$ _____

F. TOTAL PURCHASE PRICE: (or acquisition price, if traded or exchanged, include real estate commission if paid)

TOTAL ITEMS A THROUGH E \$ _____

G. PROPERTY PURCHASE: Through a broker; Direct from seller; From a family member Other (please explain): _____
 If purchased through a broker, provide broker's name and phone number: _____
 Please explain any special terms, seller concessions, or financing and any other information that would help the Assessor understand the purchase price and terms of sale: _____

PART IV: PROPERTY INFORMATION

A. TYPE OF PROPERTY TRANSFERRED:
 Single-family residence Agricultural Timeshare
 Multiple-family residence (no. of units: _____) Co-op/Own-your-own Manufactured home
 Commercial/Industrial Condominium Unimproved lot
 Other (Description: _____)

B. IS THIS PROPERTY INTENDED AS YOUR PRINCIPAL RESIDENCE? Yes No
 If yes, enter date of occupancy _____ / _____ / _____ (month) (day) (year) or intended occupancy _____ / _____ / _____ (month) (day) (year)

C. IS PERSONAL PROPERTY INCLUDED IN PURCHASE PRICE (i.e., furniture, farm equipment, machinery, etc.) (other than a manufactured home subject to local property tax)? Yes No
 If yes, enter the value of the personal property included in the purchase price \$ _____ (Attach itemized list of personal property.)

D. IS THE MANUFACTURED HOME INCLUDED IN PURCHASE PRICE? Yes No
 If yes, how much of the purchase price is allocated to the manufactured home? \$ _____
 Is the manufactured home subject to local property tax? Yes No What is the decal number? _____

E. DOES THE PROPERTY PRODUCE INCOME? Yes No If yes, is the income from:
 Lease/Rent Contract Mineral rights Other - (please explain): _____

F. WHAT WAS THE CONDITION OF THE PROPERTY AT THE TIME OF SALE?
 Good Average Fair Poor

Please explain the physical condition of the property and provide any other information (such as restrictions, etc.) that would assist the Assessor in determining the value of the property: _____

CERTIFICATION

I certify that the foregoing is true, correct and complete to the best of my knowledge and belief.

SIGNATURE OF NEW OWNER/CORPORATE OFFICER: Paul Daniel Beaulieu DATE: 11/05/13
 PRINTED NAME OF NEW OWNER/CORPORATE OFFICER: PAUL DANIEL BEAULIEU DAYTIME PHONE NUMBER: 949-637-5053

(NOTE: The Assessor may contact you for further information)

If a document evidencing a change of ownership is presented to the recorder for recordation without the concurrent filing of a preliminary change of ownership report, the recorder may charge an additional recording fee of twenty dollars (\$20).



SIGNATURE/NAME AFFIDAVIT

DATE: 07/20/2005

LOAN #: 10238451

BORROWER: LESLIE BENNETT & PAUL DANIEL BENNETT

THIS IS TO CERTIFY THAT MY LEGAL SIGNATURE IS AS WRITTEN AND TYPED BELOW.
(This signature must exactly match signatures on the Note and Mortgage or Deed of Trust.)

LESLIE BENNETT

(Print or Type Name)
PAUL DANIEL BENNETT

(Print or Type Name)

(Print or Type Name)

(Print or Type Name)

(If applicable, complete the following.)

I AM ALSO KNOWN AS:

(Print or Type Name)

(Print or Type Name)

(Print or Type Name)

(Print or Type Name)

Leslie Bennett
Signature
Paul Daniel Bennett
Signature

Signature

Signature

Signature

Signature

Signature

Signature

and that

are one

and the same person.

State/Commonwealth of CALIFORNIA
County/Parish of ORANGE

Subscribed and sworn (affirmed) before me
this 20th day of JULY

ELISEO ORNELAS JR
2005

Eliseo Ornelas Jr



Notary Public in and for
the State/Commonwealth of
County/Parish of
My Commission Expires:

CALIFORNIA
ORANGE
02/05/06 4199

Loan Number 10238451

**ADJUSTABLE RATE NOTE
(LIBOR Six-Month Index (As Published In The Wall Street Journal)-Rate Caps)
Including Prepayment Penalty**

THIS NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN MY INTEREST RATE AND MY MONTHLY PAYMENT. THIS NOTE LIMITS THE AMOUNT MY ADJUSTABLE INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE I MUST PAY.

07/20/2005
[Date]

IRVINE
[City]

CALIFORNIA
[State]

107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672
[Property Address]

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$ 695,000.00 (this amount is called "Principal"), plus interest, to the order of Lender. Lender is PEOPLE'S CHOICE HOME LOAN, INC. a WYOMING CORPORATION.

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

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

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of 8.500%. The interest rate I will pay may change in accordance with Section 4 of this Note.

The interest rate required by this Section 2 and Section 4 of this Note is the rate I will pay both before and after any default described in Section 7(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

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

I will make my monthly payments on the 1st day of each month beginning on September 1, 2005. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on August 1, 2035, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

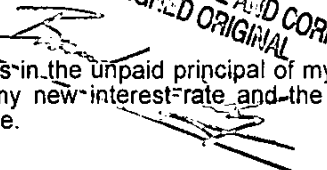
I will make my monthly payments at P.O. Box 52678, Irvine, CA 92619 or at a different place if required by the Note Holder.

(B) Amount of My Initial Monthly Payments

Each of my initial monthly payments will be in the amount of U.S. \$ 5,343.95. This amount may change.

(C) Monthly Payment Changes

Changes in my monthly payment will reflect changes in the unpaid principal of my loan and in the interest rate that I must pay. The Note Holder will determine my new interest rate and the changed amount of my monthly payment in accordance with Section 4 of this Note.

CERTIFIED TO BE TRUE AND CORRECT
COPY OF THIS SIGNED ORIGINAL
BY: 

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Date(s)

The interest rate I will pay may change on the 1st day of August, 2007 and every 6th month(s) thereafter. Each date on which my interest rate could change is called a "Change Date."



(B) The Index

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the average of interbank offered rates for six month U.S. dollar-denominated deposits in the London market ("LIBOR"), as published in the Wall Street Journal. The most recent Index figure available as of the date 45 days before each Change Date is called the "Current Index."

If the Index is no longer available, the Note Holder will choose a new index that is based upon comparable information. The Note Holder will give me notice of this choice.

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding five and three-quarters percentage points (5.750%) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than 11.500% or less than 8.500 %. Thereafter, my interest rate will never be increased or decreased on any single Change Date by more than one percentage point(s) (1.000%) from the rate of interest I have been paying for the preceding 6 months.

My interest rate will never be greater than 14.500%. My interest rate will never be less than 8.500%.

(E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(F) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in my interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given to me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

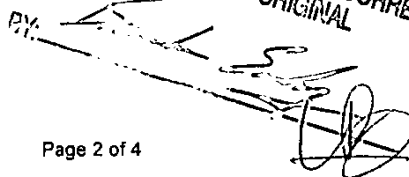
5. BORROWER'S RIGHT TO PREPAY

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

The Note Holder will use my Prepayment to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to any accrued and unpaid interest on the Prepayment amount before applying my Prepayment to reduce the Principal amount of this Note. If I make a partial Prepayment, there will be no changes in the due dates of my monthly payments unless the Note Holder agrees in writing to those changes. My partial Prepayment may reduce the amount of my monthly payments after the first Change Date following my partial Prepayment. However, any reduction due to my partial prepayment may be offset by an increase in the interest rate.

If within Twenty-four (24) months from the date of execution of the Security Instrument, I make full Prepayment or partial Prepayment, and the total of such Prepayment(s) in any 12-month period exceeds twenty percent (20%) of the original Principal amount of the loan, I will pay a Prepayment charge in an amount equal to 6 months' advance interest on the amount by which the total of my Prepayment(s) within that 12-month period exceeds twenty percent (20%) of the original Principal amount of the loan.

CERTIFIED TO BE A TRUE AND CORRECT
COPY OF THE SIGNED ORIGINAL

BY: 

Initials: RAE

6. LOAN CHARGES

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

7. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charges for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 15 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 5.000% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

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

(C) Notice of Default

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

(D) No Waiver By Note Holder

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

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

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

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

8. GIVING OF NOTICES

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

9. OBLIGATIONS OF PERSONS UNDER THIS NOTE

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

10. WAIVERS

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

adjnote3 09/26/01

Page 3 of 4.

NOTED, REVIEWED AND CORRECT
SIGNED ORIGINAL
[Handwritten signature]

Initials: PDB

11. UNIFORM SECURED NOTE

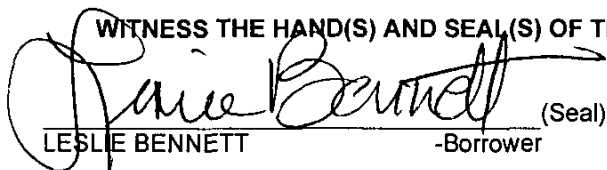
This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses that might result if I do not keep the promises that I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions read as follows:

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by Applicable Law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender also may require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

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

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

 (Seal)
LESLIE BENNETT -Borrower

 (Seal)
PAUL DANIEL BENNETT -Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

[Sign Original Only]

COPIES OF THIS INSTRUMENT ARE NOT VALID UNLESS THE ORIGINAL IS FILED WITH THE COURT AND CORRECT

Recording Requested By:
PEOPLE'S CHOICE HOME LOAN,
INC.

Return To:
People's Choice Home Loan,
Inc.
7515 IRVINE CENTER DR.,
IRVINE, CA 92618

Prepared By:
People's Choice Home Loan,
Inc. 7515 Irvine Center
Drive, Irvine, CA 92618

[Space Above This Line For Recording Data]

DEED OF TRUST

MIN 100273900102384517

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 3, 11, 13, 18, 20 and 21. Certain rules regarding the usage of words used in this document are also provided in Section 16.

(A) "Security Instrument" means this document, which is dated July 20, 2005, together with all Riders to this document.

(B) "Borrower" is LESLIE BENNETT AND PAUL DANIEL BENNETT, WIFE AND HUSBAND AS JOINT TENANTS

Borrower's address is 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CA 92672. Borrower is the trustor under this Security Instrument.

(C) "Lender" is PEOPLE'S CHOICE HOME LOAN, INC., a WYOMING CORPORATION

Lender is a CORPORATION organized and existing under the laws of WYOMING

10238451

CALIFORNIA-Single Family-Fannie Mae/Freddie Mac UNIFORM INSTRUMENT WITH MERS Form 3005 1/01

VMP -6A(CA) (0207)

Page 1 of 15

Initials: LPB PDB

VMP MORTGAGE FORMS - (800)521-7291

CERTIFIED TO BE A TRUE AND CORRECT COPY OF THE SIGNED ORIGINAL

BY: [Signature]

Lender's address is 7515 IRVINE CENTER DR., IRVINE, CA 92618

(D) "Trustee" is F.C.I., A California Corporation, 8101 Kaiser Blvd., Suite #360 Anaheim Hills, CA 92808

(E) "MERS" is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. MERS is the beneficiary under this Security Instrument. MERS is organized and existing under the laws of Delaware, and has an address and telephone number of P.O. Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS.

(F) "Note" means the promissory note signed by Borrower and dated July 20, 2005
The Note states that Borrower owes Lender SIX HUNDRED NINETY-FIVE THOUSAND AND 00/100 Dollars
(U.S. \$ 695,000.00) plus interest. Borrower has promised to pay this debt in regular Periodic Payments and to pay the debt in full not later than August 1, 2035

(G) "Property" means the property that is described below under the heading "Transfer of Rights in the Property."

(H) "Loan" means the debt evidenced by the Note, plus interest, any prepayment charges and late charges due under the Note, and all sums due under this Security Instrument, plus interest.

(I) "Riders" means all Riders to this Security Instrument that are executed by Borrower. The following Riders are to be executed by Borrower [check box as applicable]:

- | | | |
|---|---|---|
| <input checked="" type="checkbox"/> Adjustable Rate Rider | <input type="checkbox"/> Condominium Rider | <input type="checkbox"/> Second Home Rider |
| <input type="checkbox"/> Balloon Rider | <input type="checkbox"/> Planned Unit Development Rider | <input type="checkbox"/> 1-4 Family Rider |
| <input type="checkbox"/> VA Rider | <input type="checkbox"/> Biweekly Payment Rider | <input type="checkbox"/> Other(s) [specify] |

(J) "Applicable Law" means all controlling applicable federal, state and local statutes, regulations, ordinances and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable judicial opinions.

(K) "Community Association Dues, Fees, and Assessments" means all dues, fees, assessments and other charges that are imposed on Borrower or the Property by a condominium association, homeowners association or similar organization.

(L) "Electronic Funds Transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. Such term includes, but is not limited to, point-of-sale transfers, automated teller machine transactions, transfers initiated by telephone, wire transfers, and automated clearinghouse transfers.

(M) "Escrow Items" means those items that are described in Section 3.

(N) "Miscellaneous Proceeds" means any compensation, settlement, award of damages, or proceeds paid by any third party (other than insurance proceeds paid under the coverages described in Section 5) for: (i) damage to, or destruction of, the Property; (ii) condemnation or other taking of all or any part of the Property; (iii) conveyance in lieu of condemnation; or (iv) misrepresentations of, or omissions as to, the value and/or condition of the Property.

(O) "Mortgage Insurance" means insurance protecting Lender against the nonpayment of, or default on, the Loan.

(P) "Periodic Payment" means the regularly scheduled amount due for (i) principal and interest under the Note, plus (ii) any amounts under Section 3 of this Security Instrument.

10238451

 -6A(CA) (0207)

CERTIFIED TO BE A TRUE AND CORRECT COPY OF THE ORIGINAL INITIALS: *DB*
Page 2 of 15 Form 3005 1/01

BY: *[Signature]*

(Q) "RESPA" means the Real Estate Settlement Procedures Act (12 U.S.C. Section 2601 et seq.) and its implementing regulation, Regulation X (24 C.F.R. Part 3500), as they might be amended from time to time, or any additional or successor legislation or regulation that governs the same subject matter. As used in this Security Instrument, "RESPA" refers to all requirements and restrictions that are imposed in regard to a "federally related mortgage loan" even if the Loan does not qualify as a "federally related mortgage loan" under RESPA.

(R) "Successor in Interest of Borrower" means any party that has taken title to the Property, whether or not that party has assumed Borrower's obligations under the Note and/or this Security Instrument.

TRANSFER OF RIGHTS IN THE PROPERTY

The beneficiary of this Security Instrument is MERS (solely as nominee for Lender and Lender's successors and assigns) and the successors and assigns of MERS. This Security Instrument secures to Lender: (i) the repayment of the Loan, and all renewals, extensions and modifications of the Note; and (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the COUNTY of Orange :

[Type of Recording Jurisdiction]

[Name of Recording Jurisdiction]

SEE LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF AS EXHIBIT 'A'

(A.P.N. #: 060-091-26)

Parcel ID Number: 060-091-26
107 AVENIDA SAN DIMAS
SAN CLEMENTE
("Property Address"):

which currently has the address of
[Street]
[City], California 92672 [Zip Code]

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property." Borrower understands and agrees that MERS holds only legal title to the interests granted by Borrower in this Security Instrument, but, if necessary to comply with law or custom, MERS (as nominee for Lender and Lender's successors and assigns) has the right: to exercise any or all of those interests, including, but not limited to, the right to foreclose and sell the Property; and to take any action required of Lender including, but not limited to, releasing and canceling this Security Instrument.

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances 10238451

UMP -6A(CA) (0207)

Page 3 of 15

CELESTE
COPIES
INITIALS
Form-3005 1/01

BY: [Signature]

of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal, Interest, Escrow Items, Prepayment Charges, and Late Charges.

Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note and any prepayment charges and late charges due under the Note. Borrower shall also pay funds for Escrow Items pursuant to Section 3. Payments due under the Note and this Security Instrument shall be made in U.S. currency. However, if any check or other instrument received by Lender as payment under the Note or this Security Instrument is returned to Lender unpaid, Lender may require that any or all subsequent payments due under the Note and this Security Instrument be made in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality, or entity; or (d) Electronic Funds Transfer.

Payments are deemed received by Lender when received at the location designated in the Note or at such other location as may be designated by Lender in accordance with the notice provisions in Section 15. Lender may return any payment or partial payment if the payment or partial payments are insufficient to bring the Loan current. Lender may accept any payment or partial payment insufficient to bring the Loan current, without waiver of any rights hereunder or prejudice to its rights to refuse such payment or partial payments in the future, but Lender is not obligated to apply such payments at the time such payments are accepted. If each Periodic Payment is applied as of its scheduled due date, then Lender need not pay interest on unapplied funds. Lender may hold such unapplied funds until Borrower makes payment to bring the Loan current. If Borrower does not do so within a reasonable period of time, Lender shall either apply such funds or return them to Borrower. If not applied earlier, such funds will be applied to the outstanding principal balance under the Note immediately prior to foreclosure. No offset or claim which Borrower might have now or in the future against Lender shall relieve Borrower from making payments due under the Note and this Security Instrument or performing the covenants and agreements secured by this Security Instrument.

2. Application of Payments or Proceeds. Except as otherwise described in this Section 2, all payments accepted and applied by Lender shall be applied in the following order of priority: (a) interest due under the Note; (b) principal due under the Note; (c) amounts due under Section 3. Such payments shall be applied to each Periodic Payment in the order in which it became due. Any remaining amounts shall be applied first to late charges, second to any other amounts due under this Security Instrument, and then to reduce the principal balance of the Note.

If Lender receives a payment from Borrower for a delinquent Periodic Payment which includes a sufficient amount to pay any late charge due, the payment may be applied to the delinquent payment and the late charge. If more than one Periodic Payment is outstanding, Lender may apply any payment received from Borrower to the repayment of the Periodic Payments if, and to the extent that, each payment can be paid in full. To the extent that any excess exists after the payment is applied to the full payment of one or more Periodic Payments, such excess may be applied to any late charges due. Voluntary prepayments shall be applied first to any prepayment charges and then as described in the Note.

Any application of payments, insurance proceeds, or Miscellaneous Proceeds to principal due under the Note shall not extend or postpone the due date, or change the amount, of the Periodic Payments.

3. Funds for Escrow Items. Borrower shall pay to Lender on the day Periodic Payments are due under the Note, until the Note is paid in full, a sum (the "Funds") to provide for payment of amounts due for: (a) taxes and assessments and other items which can attain priority over this Security Instrument as a lien or encumbrance on the Property; (b) leasehold payments or ground rents on the Property, if any; (c) premiums for any and all insurance required by Lender under Section 5; and (d) Mortgage Insurance premiums, if any, or any sums payable by Borrower to Lender in lieu of the payment of Mortgage Insurance premiums in accordance with the provisions of Section 10. These items are called "Escrow Items." At origination or at any time during the term of the Loan, Lender may require that Community Association Dues, Fees, and Assessments, if any, be escrowed by Borrower, and such dues, fees and assessments shall be an Escrow Item. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Section. Borrower shall pay Lender the Funds for Escrow Items unless Lender waives Borrower's obligation to pay the Funds for any or all Escrow Items. Lender may waive Borrower's obligation to pay to Lender Funds for any or all Escrow Items at any time. Any such waiver may only be

10238451

VMP® -6A(CA) (0207)

Page 4 of 15

CERTIFIED TO Initials: *LD* *RDB*
COPY OF THE SIGNATURE Form 3005 1/01

BY: *[Signature]*

in writing. In the event of such waiver, Borrower shall pay directly, when and where payable, the amounts due for any Escrow Items for which payment of Funds has been waived by Lender and, if Lender requires, shall furnish to Lender receipts evidencing such payment within such time period as Lender may require. Borrower's obligation to make such payments and to provide receipts shall for all purposes be deemed to be a covenant and agreement contained in this Security Instrument, as the phrase "covenant and agreement" is used in Section 9. If Borrower is obligated to pay Escrow Items directly, pursuant to a waiver, and Borrower fails to pay the amount due for an Escrow Item, Lender may exercise its rights under Section 9 and pay such amount and Borrower shall then be obligated under Section 9 to repay to Lender any such amount. Lender may revoke the waiver as to any or all Escrow Items at any time by a notice given in accordance with Section 15 and, upon such revocation, Borrower shall pay to Lender all Funds, and in such amounts, that are then required under this Section 3.

Lender may, at any time, collect and hold Funds in an amount (a) sufficient to permit Lender to apply the Funds at the time specified under RESPA, and (b) not to exceed the maximum amount a lender can require under RESPA. Lender shall estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with Applicable Law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is an institution whose deposits are so insured) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items no later than the time specified under RESPA. Lender shall not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and Applicable Law permits Lender to make such a charge. Unless an agreement is made in writing or Applicable Law requires interest to be paid on the Funds, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender can agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds as required by RESPA.

If there is a surplus of Funds held in escrow, as defined under RESPA, Lender shall account to Borrower for the excess funds in accordance with RESPA. If there is a shortage of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the shortage in accordance with RESPA, but in no more than 12 monthly payments. If there is a deficiency of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the deficiency in accordance with RESPA, but in no more than 12 monthly payments.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property which can attain priority over this Security Instrument, leasehold payments or ground rents on the Property, if any, and Community Association Dues, Fees, and Assessments, if any. To the extent that these items are Escrow Items, Borrower shall pay them in the manner provided in Section 3.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender, but only so long as Borrower is performing such agreement; (b) contests the lien in good faith by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of the lien while those proceedings are pending, but only until such proceedings are concluded; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which can attain priority over this Security Instrument, Lender may give Borrower a notice identifying the

10238451

UIMP -6A(CA) (0207)

Page 6 of 16

COPIES Initials: [Signature] PDB
COPY OF REGISTERED INSTRUMENT Form 3005 1/01

[Signature]

lien. Within 10 days of the date on which that notice is given, Borrower shall satisfy the lien or take one or more of the actions set forth above in this Section 4.

Lender may require Borrower to pay a one-time charge for a real estate tax verification and/or reporting service used by Lender in connection with this Loan.

5. Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and any other hazards including, but not limited to, earthquakes and floods, for which Lender requires insurance. This insurance shall be maintained in the amounts (including deductible levels) and for the periods that Lender requires. What Lender requires pursuant to the preceding sentences can change during the term of the Loan. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's right to disapprove Borrower's choice, which right shall not be exercised unreasonably. Lender may require Borrower to pay, in connection with this Loan, either: (a) a one-time charge for flood zone determination, certification and tracking services; or (b) a one-time charge for flood zone determination and certification services and subsequent charges each time remappings or similar changes occur which reasonably might affect such determination or certification. Borrower shall also be responsible for the payment of any fees imposed by the Federal Emergency Management Agency in connection with the review of any flood zone determination resulting from an objection by Borrower.

If Borrower fails to maintain any of the coverages described above, Lender may obtain insurance coverage, at Lender's option and Borrower's expense. Lender is under no obligation to purchase any particular type or amount of coverage. Therefore, such coverage shall cover Lender, but might or might not protect Borrower, Borrower's equity in the Property, or the contents of the Property, against any risk, hazard or liability and might provide greater or lesser coverage than was previously in effect. Borrower acknowledges that the cost of the insurance coverage so obtained might significantly exceed the cost of insurance that Borrower could have obtained. Any amounts disbursed by Lender under this Section 5 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

All insurance policies required by Lender and renewals of such policies shall be subject to Lender's right to disapprove such policies, shall include a standard mortgage clause, and shall name Lender as mortgagee and/or as an additional loss payee and Borrower further agrees to generally assign rights to insurance proceeds to the holder of the Note up to the amount of the outstanding loan balance. Lender shall have the right to hold the policies and renewal certificates. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. If Borrower obtains any form of insurance coverage, not otherwise required by Lender, for damage to, or destruction of, the Property, such policy shall include a standard mortgage clause and shall name Lender as mortgagee and/or as an additional loss payee and Borrower further agrees to generally assign rights to insurance proceeds to the holder of the Note up to the amount of the outstanding loan balance.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower. Unless Lender and Borrower otherwise agree in writing, any insurance proceeds, whether or not the underlying insurance was required by Lender, shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such insurance proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such insurance proceeds, Lender shall not be required to pay Borrower any interest or earnings on such proceeds. Fees for public adjusters, or other third parties, retained by Borrower shall not be paid out of the insurance proceeds and shall be the sole obligation of Borrower. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with

10238451

VMP® -6A(CA) (0207)

Page 6 of 15

CONFIDENTIAL Initials: UD ADB
Form 3005 1/01

the excess, if any, paid to Borrower. Such insurance proceeds shall be applied in the order provided for in Section 2.

If Borrower abandons the Property, Lender may file, negotiate and settle any available insurance claim and related matters. If Borrower does not respond within 30 days to a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may negotiate and settle the claim. The 30-day period will begin when the notice is given. In either event, or if Lender acquires the Property under Section 22 or otherwise, Borrower hereby assigns to Lender (a) Borrower's rights to any insurance proceeds in an amount not to exceed the amounts unpaid under the Note or this Security Instrument, and (b) any other of Borrower's rights (other than the right to any refund of unearned premiums paid by Borrower) under all insurance policies covering the Property, insofar as such rights are applicable to the coverage of the Property. Lender may use the insurance proceeds either to repair or restore the Property or to pay amounts unpaid under the Note or this Security Instrument, whether or not then due.

6. Occupancy. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within 60 days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control.


7. Preservation, Maintenance and Protection of the Property; Inspections. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate or commit waste on the Property. Whether or not Borrower is residing in the Property, Borrower shall maintain the Property in order to prevent the Property from deteriorating or decreasing in value due to its condition. Unless it is determined pursuant to Section 5 that repair or restoration is not economically feasible, Borrower shall promptly repair the Property if damaged to avoid further deterioration or damage. If insurance or condemnation proceeds are paid in connection with damage to, or the taking of, the Property, Borrower shall be responsible for repairing or restoring the Property only if Lender has released proceeds for such purposes. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. If the insurance or condemnation proceeds are not sufficient to repair or restore the Property, Borrower is not relieved of Borrower's obligation for the completion of such repair or restoration.

Lender or its agent may make reasonable entries upon and inspections of the Property. If it has reasonable cause, Lender may inspect the interior of the improvements on the Property. Lender shall give Borrower notice at the time of or prior to such an interior inspection specifying such reasonable cause.

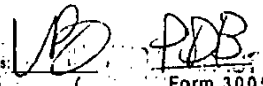
8. Borrower's Loan Application. Borrower shall be in default if, during the Loan application process, Borrower or any persons or entities acting at the direction of Borrower or with Borrower's knowledge or consent gave materially false, misleading, or inaccurate information or statements to Lender (or failed to provide Lender with material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning Borrower's occupancy of the Property as Borrower's principal residence.

9. Protection of Lender's Interest in the Property and Rights Under this Security Instrument. If (a) Borrower fails to perform the covenants and agreements contained in this Security Instrument, (b) there is a legal proceeding that might significantly affect Lender's interest in the Property and/or rights under this Security Instrument (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, for enforcement of a lien which may attain priority over this Security Instrument or to enforce laws or regulations), or (c) Borrower has abandoned the Property, then Lender may do and pay for whatever is reasonable or appropriate to protect Lender's interest in the Property and rights under this Security Instrument, including protecting and/or assessing the value of the Property, and securing and/or repairing the Property. Lender's actions can include, but are not limited to: (a) paying any sums secured by a lien which has priority over this Security Instrument; (b) appearing in court; and (c) paying reasonable

10238451

 LAMP-6A(CA) (0207)

Page 7 of 15

INITIALS: 
COPY OF THE SECURITY INSTRUMENT Form 3005 1/01

BY: 

attorneys' fees to protect its interest in the Property and/or rights under this Security Instrument, including its secured position in a bankruptcy proceeding. Securing the Property includes, but is not limited to, entering the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, and have utilities turned on or off. Although Lender may take action under this Section 9, Lender does not have to do so and is not under any duty or obligation to do so. It is agreed that Lender incurs no liability for not taking any or all actions authorized under this Section 9.

Any amounts disbursed by Lender under this Section 9 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

10. Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan, Borrower shall pay the premiums required to maintain the Mortgage Insurance in effect. If, for any reason, the Mortgage Insurance coverage required by Lender ceases to be available from the mortgage insurer that previously provided such insurance and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the Mortgage Insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the Mortgage Insurance previously in effect, from an alternate mortgage insurer selected by Lender. If substantially equivalent Mortgage Insurance coverage is not available, Borrower shall continue to pay to Lender the amount of the separately designated payments that were due when the insurance coverage ceased to be in effect. Lender will accept, use and retain these payments as a non-refundable loss reserve in lieu of Mortgage Insurance. Such loss reserve shall be non-refundable, notwithstanding the fact that the Loan is ultimately paid in full, and Lender shall not be required to pay Borrower any interest or earnings on such loss reserve. Lender can no longer require loss reserve payments if Mortgage Insurance coverage (in the amount and for the period that Lender requires) provided by an insurer selected by Lender again becomes available, is obtained, and Lender requires separately designated payments toward the premiums for Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to maintain Mortgage Insurance in effect, or to provide a non-refundable loss reserve, until Lender's requirement for Mortgage Insurance ends in accordance with any written agreement between Borrower and Lender providing for such termination or until termination is required by Applicable Law. Nothing in this Section 10 affects Borrower's obligation to pay interest at the rate provided in the Note.


Mortgage Insurance reimburses Lender (or any entity that purchases the Note) for certain losses it may incur if Borrower does not repay the Loan as agreed. Borrower is not a party to the Mortgage Insurance.


Mortgage insurers evaluate their total risk on all such insurance in force from time to time, and may enter into agreements with other parties that share or modify their risk, or reduce losses. These agreements are on terms and conditions that are satisfactory to the mortgage insurer and the other party (or parties) to these agreements. These agreements may require the mortgage insurer to make payments using any source of funds that the mortgage insurer may have available (which may include funds obtained from Mortgage Insurance premiums).

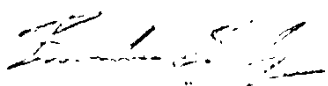
As a result of these agreements, Lender, any purchaser of the Note, another insurer, any reinsurer, any other entity, or any affiliate of any of the foregoing, may receive (directly or indirectly) amounts that derive from (or might be characterized as) a portion of Borrower's payments for Mortgage Insurance, in exchange for sharing or modifying the mortgage insurer's risk, or reducing losses. If such agreement provides that an affiliate of Lender takes a share of the insurer's risk in exchange for a share of the premiums paid to the insurer, the arrangement is often termed "captive reinsurance." Further:

(a) Any such agreements will not affect the amounts that Borrower has agreed to pay for Mortgage Insurance, or any other terms of the Loan. Such agreements will not increase the amount Borrower will owe for Mortgage Insurance, and they will not entitle Borrower to any refund.

10238451

 -6A(CA) (0207)

INITIALS 
Page 8 of 15 Form 3005 1/01
COPY OF THE CHECKED CHECKS

BY: 

(b) Any such agreements will not affect the rights Borrower has - if any - with respect to the Mortgage Insurance under the Homeowners Protection Act of 1998 or any other law. These rights may include the right to receive certain disclosures, to request and obtain cancellation of the Mortgage Insurance, to have the Mortgage Insurance terminated automatically, and/or to receive a refund of any Mortgage Insurance premiums that were unearned at the time of such cancellation or termination.

11. Assignment of Miscellaneous Proceeds; Forfeiture. All Miscellaneous Proceeds are hereby assigned to and shall be paid to Lender.

If the Property is damaged, such Miscellaneous Proceeds shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such Miscellaneous Proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may pay for the repairs and restoration in a single disbursement or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such Miscellaneous Proceeds, Lender shall not be required to pay Borrower any interest or earnings on such Miscellaneous Proceeds. If the restoration or repair is not economically feasible or Lender's security would be lessened, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such Miscellaneous Proceeds shall be applied in the order provided for in Section 2.

In the event of a total taking, destruction, or loss in value of the Property, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the Miscellaneous Proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the partial taking, destruction, or loss in value divided by (b) the fair market value of the Property immediately before the partial taking, destruction, or loss in value. Any balance shall be paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is less than the amount of the sums secured immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the Opposing Party (as defined in the next sentence) offers to make an award to settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the Miscellaneous Proceeds either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due. "Opposing Party" means the third party that owes Borrower Miscellaneous Proceeds or the party against whom Borrower has a right of action in regard to Miscellaneous Proceeds.

Borrower shall be in default if any action or proceeding, whether civil or criminal, is begun that, in Lender's judgment, could result in forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. Borrower can cure such a default and, if acceleration has occurred, reinstate as provided in Section 19, by causing the action or proceeding to be dismissed with a ruling that, in Lender's judgment, precludes forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. The proceeds of any award or claim for damages that are attributable to the impairment of Lender's interest in the Property are hereby assigned and shall be paid to Lender.

All Miscellaneous Proceeds that are not applied to restoration or repair of the Property shall be applied in the order provided for in Section 2.

12. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender

10238451

UAMP -6A(CA) (0207)

Page 9 of 15
C. J. ... Initials: *LPD* *FDS*
Form 3005 1/01

BY: *[Signature]*

to Borrower or any Successor in Interest of Borrower shall not operate to release the liability of Borrower or any Successors in Interest of Borrower. Lender shall not be required to commence proceedings against any Successor in Interest of Borrower or to refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or any Successors in Interest of Borrower. Any forbearance by Lender in exercising any right or remedy including, without limitation, Lender's acceptance of payments from third persons, entities or Successors in Interest of Borrower or in amounts less than the amount then due, shall not be a waiver of or preclude the exercise of any right or remedy.

13. Joint and Several Liability; Co-signers; Successors and Assigns Bound. Borrower covenants and agrees that Borrower's obligations and liability shall be joint and several. However, any Borrower who co-signs this Security Instrument but does not execute the Note (a "co-signer"): (a) is co-signing this Security Instrument only to mortgage, grant and convey the co-signer's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower can agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without the co-signer's consent.

Subject to the provisions of Section 18, any Successor in Interest of Borrower who assumes Borrower's obligations under this Security Instrument in writing, and is approved by Lender, shall obtain all of Borrower's rights and benefits under this Security Instrument. Borrower shall not be released from Borrower's obligations and liability under this Security Instrument unless Lender agrees to such release in writing. The covenants and agreements of this Security Instrument shall bind (except as provided in Section 20) and benefit the successors and assigns of Lender.

14. Loan Charges. Lender may charge Borrower fees for services performed in connection with Borrower's default, for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument, including, but not limited to, attorneys' fees, property inspection and valuation fees. In regard to any other fees, the absence of express authority in this Security Instrument to charge a specific fee to Borrower shall not be construed as a prohibition on the charging of such fee. Lender may not charge fees that are expressly prohibited by this Security Instrument or by Applicable Law.

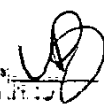
If the Loan is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the Loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge (whether or not a prepayment charge is provided for under the Note). Borrower's acceptance of any such refund made by direct payment to Borrower will constitute a waiver of any right of action Borrower might have arising out of such overcharge.

15. Notices. All notices given by Borrower or Lender in connection with this Security Instrument must be in writing. Any notice to Borrower in connection with this Security Instrument shall be deemed to have been given to Borrower when mailed by first class mail or when actually delivered to Borrower's notice address if sent by other means. Notice to any one Borrower shall constitute notice to all Borrowers unless Applicable Law expressly requires otherwise. The notice address shall be the Property Address unless Borrower has designated a substitute notice address by notice to Lender. Borrower shall promptly notify Lender of Borrower's change of address. If Lender specifies a procedure for reporting Borrower's change of address, then Borrower shall only report a change of address through that specified procedure. There may be only one designated notice address under this Security Instrument at any one time. Any notice to Lender shall be given by delivering it or by mailing it by first class mail to Lender's address stated herein unless Lender has designated another address by notice to Borrower. Any notice in connection with this Security Instrument shall not be deemed to have been given to Lender until actually received by Lender. If any notice required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

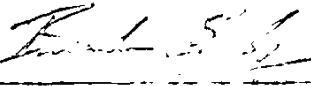
10238451

 -6A(CA) (0207)

Page 10 of 15
COPY OF THE ELECTED CONTRACT

Initials: 


Form 3005 1/01

BY: 

16. Governing Law; Severability; Rules of Construction. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law. Applicable Law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. In the event that any provision or clause of this Security Instrument or the Note conflicts with Applicable Law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision.

As used in this Security Instrument: (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender; (b) words in the singular shall mean and include the plural and vice versa; and (c) the word "may" gives sole discretion without any obligation to take any action.

17. Borrower's Copy. Borrower shall be given one copy of the Note and of this Security Instrument.

18. Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

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

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

19. Borrower's Right to Reinstate After Acceleration. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earliest of: (a) five days before sale of the Property pursuant to any power of sale contained in this Security Instrument; (b) such other period as Applicable Law might specify for the termination of Borrower's right to reinstate; or (c) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument; and (d) takes such action as Lender may reasonably require to assure that Lender's interest in the Property and rights under this Security Instrument, and Borrower's obligation to pay the sums secured by this Security Instrument, shall continue unchanged. Lender may require that Borrower pay such reinstatement sums and expenses in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality or entity; or (d) Electronic Funds Transfer. Upon reinstatement by Borrower, this Security Instrument and obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Section 18.

20. Sale of Note; Change of Loan Servicer; Notice of Grievance. The Note or a partial interest in the Note (together with this Security Instrument) can be sold one or more times without prior notice to Borrower. A sale might result in a change in the entity (known as the "Loan Servicer") that collects Periodic Payments due under the Note and this Security Instrument and performs other mortgage loan servicing obligations under the Note, this Security Instrument, and Applicable Law. There also might be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change which will state the name and address of the new Loan Servicer, the address to which payments should be made and any other information RESPA

10238451

VMP -6A(CA) (0207)

Page 11 of 15 Form 3005 1/01
Initials: *UD PDB*

BY: *[Signature]*

requires in connection with a notice of transfer of servicing. If the Note is sold and thereafter the Loan is serviced by a Loan Servicer other than the purchaser of the Note, the mortgage loan servicing obligations to Borrower will remain with the Loan Servicer or be transferred to a successor Loan Servicer and are not assumed by the Note purchaser unless otherwise provided by the Note purchaser.

Neither Borrower nor Lender may commence, join, or be joined to any judicial action (as either an individual litigant or the member of a class) that arises from the other party's actions pursuant to this Security Instrument or that alleges that the other party has breached any provision of, or any duty owed by reason of, this Security Instrument, until such Borrower or Lender has notified the other party (with such notice given in compliance with the requirements of Section 15) of such alleged breach and afforded the other party hereto a reasonable period after the giving of such notice to take corrective action. If Applicable Law provides a time period which must elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this paragraph. The notice of acceleration and opportunity to cure given to Borrower pursuant to Section 22 and the notice of acceleration given to Borrower pursuant to Section 18 shall be deemed to satisfy the notice and opportunity to take corrective action provisions of this Section 20.


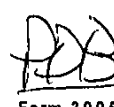
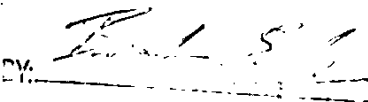
21. Hazardous Substances. As used in this Section 21: (a) "Hazardous Substances" are those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials; (b) "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection; (c) "Environmental Cleanup" includes any response action, remedial action, or removal action, as defined in Environmental Law; and (d) an "Environmental Condition" means a condition that can cause, contribute to, or otherwise trigger an Environmental Cleanup.

Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances, or threaten to release any Hazardous Substances, on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property (a) that is in violation of any Environmental Law, (b) which creates an Environmental Condition, or (c) which, due to the presence, use, or release of a Hazardous Substance, creates a condition that adversely affects the value of the Property. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property (including, but not limited to, hazardous substances in consumer products).

Borrower shall promptly give Lender written notice of (a) any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge, (b) any Environmental Condition, including but not limited to, any spilling, leaking, discharge, release or threat of release of any Hazardous Substance, and (c) any condition caused by the presence, use or release of a Hazardous Substance which adversely affects the value of the Property. If Borrower learns, or is notified by any governmental or regulatory authority, or any private party, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Nothing herein shall create any obligation on Lender for an Environmental Cleanup.

10238451

 -6 A(CA) (0207)

Page 12 of 15
Initials:  
Form 3005 1/01


NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

22. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under Section 18 unless Applicable Law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by Applicable Law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 22, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold. Trustee shall cause this notice to be recorded in each county in which any part of the Property is located. Lender or Trustee shall mail copies of the notice as prescribed by Applicable Law to Borrower and to the other persons prescribed by Applicable Law. Trustee shall give public notice of sale to the persons and in the manner prescribed by Applicable Law. After the time required by Applicable Law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

23. Reconveyance. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty to the person or persons legally entitled to it. Lender may charge such person or persons a reasonable fee for reconveying the Property, but only if the fee is paid to a third party (such as the Trustee) for services rendered and the charging of the fee is permitted under Applicable Law. If the fee charged does not exceed the fee set by Applicable Law, the fee is conclusively presumed to be reasonable.

24. Substitute Trustee. Lender, at its option, may from time to time appoint a successor trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Lender and recorded in the office of the Recorder of the county in which the Property is located. The instrument shall contain the name of the original Lender, Trustee and Borrower, the book and page where this Security Instrument is recorded and the name and address of the successor trustee. Without conveyance of the Property, the successor trustee shall succeed to all the title, powers and duties conferred upon the Trustee herein and by Applicable Law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

25. Statement of Obligation Fee. Lender may collect a fee not to exceed the maximum amount permitted by Applicable Law for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California.

10238451

VMP-6A(CA) (0207)

Page 13 of 15 Initials: [Handwritten initials] Form 3005 1/01

[Handwritten signature]

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any Rider executed by Borrower and recorded with it.

Witnesses:


LESLIE BENNETT (Seal)
-Borrower


PAUL DANIEL BENNETT (Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower


(Seal)
-Borrower

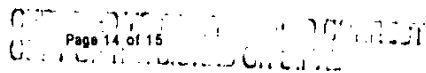
(Seal)
-Borrower

(Seal)
-Borrower

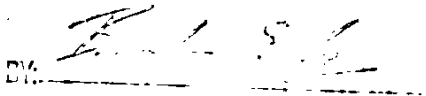
(Seal)
-Borrower

10238451

 -6 A(CA) (0207)


Page 14 of 15

Form 3005 1/01


BY _____

State of California

County of *ORANGE*

} ss.

On *July 20, 2005*

before me, *ELISEO ORNELAS JR*

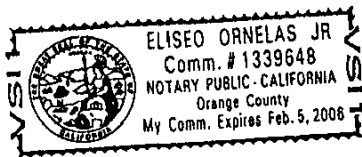
personally appeared

LESLIE BENNETT AND PAUL DANIEL BENNETT

, 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.

[Handwritten Signature] (Seal)



10238451

MP-6A(CA) (0207)

PDB, *UPB*
Initials: _____
Page 15 of 15
[Handwritten Signature]

Form 3005 1/01

Loan Number 10238451

ADJUSTABLE RATE RIDER
(LIBOR Six-Month Index (As Published In The Wall Street Journal)-Rate Caps)

THIS ADJUSTABLE RATE RIDER is made this 20th day of July, 2005, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") of the same date given by the undersigned ("Borrower") to secure Borrower's Adjustable Rate Note (the "Note") to PEOPLE'S CHOICE HOME LOAN, INC. a WYOMING CORPORATION ("Lender") of the same date and covering the property described in the Security Instrument and located at:

107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672
[Property Address]

THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND THE MONTHLY PAYMENT. THE NOTE LIMITS THE AMOUNT BORROWER'S INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE BORROWER MUST PAY.

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. INTEREST RATE AND MONTHLY PAYMENT CHANGES

The Note provides for an initial interest rate of 8.500%. The Note provides for changes in the interest rate and the monthly payments, as follows:

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The interest rate I will pay may change on the 1st day of August, 2007 and on that day every 6 month(s) thereafter. Each date on which my interest rate could change is called a "Change Date."

(B) The Index

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the average of interbank offered rates for six month U.S. dollar-denominated deposits in the London market ("LIBOR"), as published in The Wall Street Journal. The most recent Index figure available as of the date 45 days before each Change Date is called the "Current Index."

If the Index is no longer available, the Note Holder will choose a new index that is based upon comparable information. The Note Holder will give me notice of this choice.

msar1 09/26/01

Page 1 of 3

Initials: PAB

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding five and three-quarters percentage points (5.750%) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than 11.500 % or less than 8.500 %. Thereafter, my interest rate will never be increased or decreased on any single Change Date by more than one percentage points (1.000%) from the rate of interest I have been paying for the preceding 6 months. My interest rate will never be greater than 14.500%. My interest rate will never be less than 8.500%.

(E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(F) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in my interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given to me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

B. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

Uniform Covenant 18 of the Security Instrument is amended to read as follows:

Transfer of the Property or a Beneficial Interest Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by Applicable Law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender also may require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

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

msar2 09/26/01

Page 2 of 3

Initials: PDB

5. BORROWER'S RIGHT TO PREPAY

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

The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount before applying my Prepayment to reduce the Principal amount of this Note. If I make a partial Prepayment, there will be no changes in the due dates of my monthly payments unless the Note Holder agrees in writing to those changes. My partial Prepayment may reduce the amount of my monthly payments after the first Change Date following my partial Prepayment. However, any reduction due to my partial prepayment may be offset by an increase in the interest rate.

If within Twenty-four (24) months from the date of execution of the Security Instrument, I make full Prepayment or partial Prepayment, and the total of such Prepayment(s) in any 12-month period exceeds twenty percent (20%) of the original Principal amount of the loan, I will pay a Prepayment charge in an amount equal to 6 months' advance interest on the amount by which the total of my Prepayment(s) within that 12-month period exceeds twenty percent (20%) of the original Principal amount of the loan.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Adjustable Rate Rider.

 (Seal)
LESLIE BENNETT -Borrower

 (Seal)
PAUL DANIEL BENNETT -Borrower

____ (Seal)
-Borrower


____ (Seal)
-Borrower

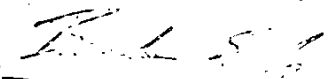
____ (Seal)
-Borrower

____ (Seal)
-Borrower

msar3 09/26/01

REC-11
CITY OF
Page 3 of 3

 Initials: ADB

BY: 

Order Number: 92909364rt
Page Number: 6

LEGAL DESCRIPTION

Real property in the City of San Clemente, County of Orange, State of California, described as follows:

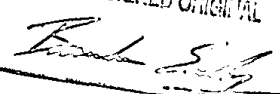
LOT 9, BLOCK 3, TRACT 900, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 28, PAGES 21 TO 24 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 060-091-26

Stewart Title

CERTIFIED TO BE A TRUE AND CORRECT
COPY OF THE SIGNED ORIGINAL

EXHIBIT B
Page 3 of 82



TRUST LENDING (DISCLOSURE) STATEMENT

(THIS IS NEITHER A CONTRACT NOR A COMMITMENT TO LEND)

LENDER OR LENDER'S AGENT:

PEOPLE'S CHOICE HOME LOAN, INC.

Preliminary Final

7515 IRVINE CENTER DR.
IRVINE, CA 92618

DATE: 07/20/2005

LOAN NO.: 10238451

BORROWERS: LESLIE BENNETT

Type of Loan: Convertible ARM

PAUL DANIEL BENNETT

ADDRESS: 107 AVENIDA SAN DIMAS

CITY/STATE/ZIP: SAN CLEMENTE, CA 92672

PROPERTY: 107 AVENIDA SAN DIMAS SAN CLEMENTE, CA 92672

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after you have made all payments as scheduled.
9.689 %	\$ 1,430,931.21	\$ 675,849.05	\$ 2,106,780.26

PAYMENT SCHEDULE:

NUMBER OF PAYMENTS	AMOUNT OF PAYMENTS	PAYMENTS ARE DUE monthly BEGINNING	NUMBER OF PAYMENTS	AMOUNT OF PAYMENTS	PAYMENTS ARE DUE monthly BEGINNING
24	\$5,343.95	09/01/2005			
335	\$5,888.50	09/01/2007			
1	\$5,877.96	08/01/2035			

DEMAND FEATURE: This loan does not have a Demand Feature. This loan has a Demand Feature as follows:

VARIABLE RATE FEATURE: This Loan has a Variable Rate Feature. Variable Rate Disclosures have been provided to you earlier.

SECURITY: You are giving a security interest in the property located at: 107 AVENIDA SAN DIMAS SAN CLEMENTE CA 92672

ASSUMPTION: Someone buying this property cannot assume the remaining balance due under original mortgage terms
 may assume, subject to lender's conditions, the remaining balance due under original mortgage terms.

FILING / RECORDING FEES: \$ 100.00

PROPERTY INSURANCE: Property hazard insurance in the amount of \$ 695,000.00 with a mortgagee clause to the lender is a required condition of this loan. Borrower may purchase this insurance from any insurance company acceptable to the lender.
Hazard insurance is is not available through the lender at an estimated cost of \$0.00 for a _____ year term.

LATE CHARGES: If your payment is more than 15 days late, you will be charged a late charge of 5.000 % of the overdue payment.

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

See your contract documents for any additional information regarding non-payment, default, required repayment in full before scheduled date, and prepayment refunds and penalties.
e means estimate

We hereby acknowledge reading and receiving a complete copy of this disclosure.

Leslie Bennett 7/20/05 *Paul Daniel Bennett* 7-20-05
LESLIE BENNETT BORROWER/DATE PAUL DANIEL BENNETT BORROWER/DATE

BORROWER/DATE EXHIBIT B BORROWER/DATE

DEFINITION OF TRUTH-IN-LENDING TERMS

ANNUAL PERCENTAGE RATE

This is not the Note rate for which the borrower applied. The Annual Percentage Rate (APR) is the cost of the loan in percentage terms taking into account various loan charges of which interest is only one such charge. Other charges which are used in calculation of the Annual Percentage Rate are Private Mortgage Insurance or FHA Mortgage Insurance Premium (when applicable) and Prepaid Finance Charges (loan discount, origination fees, prepaid interest and other credit costs). The APR is calculated by spreading these charges over the life of the loan which results in a rate generally higher than the interest rate shown on your Mortgage/Deed of Trust Note. If interest was the only Finance Charge, then the interest rate and the Annual Percentage Rate would be the same.

PREPAID FINANCE CHARGES

Prepaid Finance Charges are certain charges made in connection with the loan and which must be paid upon the close of the loan. These charges are defined by the Federal Reserve Board in Regulation Z and the charges must be paid by the borrower. Non-Inclusive examples of such charges are: Loan origination fee, "Points" or Discount, Private Mortgage Insurance or FHA Mortgage Insurance, Tax Service Fee. Some loan charges are specifically excluded from the Prepaid Finance Charge such as appraisal fees and credit report fees.

Prepaid Finance Charges are totaled and then subtracted from the Loan Amount (the face amount of the Deed of Trust/Mortgage Note). The net figure is the Amount Financed as explained below.

FINANCE CHARGE

The amount of interest, prepaid finance charge and certain insurance premiums (if any) which the borrower will be expected to pay over the life of the loan.

AMOUNT FINANCED


The Amount Financed is the loan amount applied for less the prepaid finance charges. Prepaid finance charges can be found on the Good Faith Estimate/Settlement Statement (HUD-1 or 1A). For example if the borrower's note is for \$100,000 and the Prepaid Finance Charges total \$5,000, the Amount Financed would be \$95,000. The Amount Financed is the figure on which the Annual Percentage Rate is based.

TOTAL OF PAYMENTS

This figure represents the total of all payments made toward principal, interest and mortgage insurance (if applicable).

PAYMENT SCHEDULE

The dollar figures in the Payment Schedule represent principal, interest, plus Private Mortgage Insurance (if applicable). These figures will not reflect taxes and insurance escrows or any temporary buydown payments contributed by the seller.

 Initials:

ITEMIZATION OF AMOUNT FINANCED

Loan Number: 10238451 Date: 07/20/2005
 Loan Amount \$ 695,000.00
 Name of Borrower: LESLIE BENNETT & PAUL DANIEL BENNETT
 Address of Borrower: 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CA 92672
 Name of Lender: People's Choice Home Loan, Inc.
 Address of Lender: 7515 IRVINE CENTER DR., IRVINE, CA 92618
 Property Address: 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672

Itemization of Amount Financed of	\$	675,849.05
Amount given to you directly	\$	674,100.05
Amount paid on your account	\$	
Amount paid to others on your behalf	\$	
Seller		
Appraisal fee to appraiser	\$	350.00
Credit report fee to credit reporting agency	\$	18.00
Hazard insurance to insurance agency	\$	
Flood insurance to insurance agency	\$	
Settlement closing fees to	\$	
Abstract or title search to title ins. co.	\$	
Document preparation fee to	\$	
Misc. title fees to title co.	\$	
Notary fee to	\$	
Attorneys' fees to	\$	
Title insurance premium to title ins. co.	\$	
Filing fee to public officials/recording	\$	100.00
Survey	\$	
Pest inspection	\$	
Yield Spread Premium (Paid By Lender to Broker) P.O.C.	\$	6950.00
Title Examination	\$	1631.00
	\$	
	\$	
	\$	
	\$	
Prepaid finance charges		
Loan origination fee 0.000	\$	
Loan discount 0.000	\$	
Prepaid interest (7 days) @ 161.85	\$	1,132.95
Mortgage insurance	\$	
Commitment fee	\$	
Buydown costs	\$	
Tax service fee	\$	70.00
Lender's inspection fee	\$	
Assumption fee	\$	
Amortization schedule fee	\$	
Underwriting fee	\$	485.00
Administration Fee	\$	850.00
Broker Fee	\$	13900.00
Application Fee	\$	395.00
Flood Determination Fee	\$	13.00
Appraisal Review Fee	\$	210.00
Funding Fee	\$	300.00
Processing Fee	\$	695.00
Settlement/Escrow/Closing Fee	\$	1100.00
	\$	0.00
	\$	
Total Prepaid finance charges	\$	19150.95

I/We hereby acknowledge receipt of this itemization of amount financed, and authorize direct disbursement as set forth.

BORROWER'S SIGNATURE(S)/ DATE

Leslie Bennett 7/20/05 *Paul Daniel Bennett* 7-2005
 LESLIE BENNETT PAUL DANIEL BENNETT

Application Number: 10238451
Date: 07/20/2005

**NOTICE REGARDING REQUIRED USE OF
SETTLEMENT SERVICE PROVIDERS**

If People's Choice Home Loan, Inc. ("we" or "us") makes a loan to you, we will require you to use the following settlement service providers; if a fee or charge for a settlement service is disclosed on the enclosed Itemization of Amount Financed, you will be required to pay for that settlement service. The estimated fees or charges (or range of fees and charges) disclosed on the Itemization of Amount Financed are based on the fees and charges of the designated provider.

CREDIT REPORTING:

LENDER'S CREDIT INFO ONE
20929 VENTURA BLVD., SUITE 203
WOODLAND HILLS, CA 91364-2334

TAX REPORTING SERVICES:

FNIS REAL ESTATE TAX SERVICES
222 E. HUNTINGTON DRIVE, SUITE 200
MONROVIA, CA 91016

FLOOD CERTIFICATION VENDOR:

FNIS FLOOD SERVICES
1521 N. COOPER STREET, FOURTH FLOOR
ARLINGTON, TX 76011

TITLE INSURANCE: you may select a particular title insurance company to provide us with a policy of title insurance from a lender-approved list. The name of the specific title insurance company selected to provide us with a policy of title insurance and the cost of the title policy will be provided to you prior to loan closing.

CLOSING SERVICES PROVIDER: you may select an escrow agent, settlement agent, closing agent or attorney from a lender-approved list. The name of the specific escrow agent, settlement agent, closing agent or attorney selected to provide closing services and the cost of the closing services will be provided to you prior to loan closing.

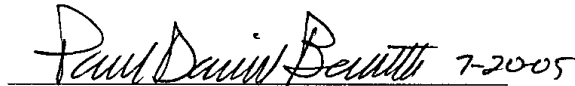
APPRAISER: you may select an appraiser from a lender-approved list. The name of the specific appraiser selected to perform the appraisal and the cost of the appraisal will be provided to you prior to loan closing.

Although within the past year we have repeatedly required borrowers to use the above listed settlement service providers, none of these providers is an associate of ours, nor has any such provider maintained an account or had an outstanding loan or credit arrangements with us.

ACKNOWLEDGMENT

The undersigned hereby acknowledge(s) receipt of this notice.


Applicant _____ Date _____
LESLIE BENNETT


Applicant _____ Date _____
PAUL DANIEL BENNETT

Applicant _____ Date _____

Applicant _____ Date _____

Applicant _____ Date _____

Applicant _____ Date _____

NOTICE OF RIGHT TO CANCEL

DATE 07/20/2005
LOAN NO. 10238451
TYPE Convertible ARM

LENDER: People's Choice Home Loan, Inc.

BORROWERS/OWNERS LESLIE BENNETT & PAUL DANIEL BENNETT

ADDRESS 107 AVENIDA SAN DIMAS
CITY/STATE/ZIP SAN CLEMENTE, CA 92672
PROPERTY 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672

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 transaction, which is July 20, 2005 ; or
- (2) The date you received your Truth in Lending disclosures; or
- (3) The date you received this notice of your right to cancel.

LPD PDB

If you cancel the transaction, the mortgage/lien/security interest is also cancelled. 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 cancelled, and we must return to you any money or property you have given to 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 or property within 20 CALENDAR DAYS of your offer, you may keep it without further obligation.

HOW TO CANCEL

If you decide to cancel this transaction, you may do so by notifying us in writing, at:
People's Choice Home Loan, Inc.
7515 IRVINE CENTER DR., IRVINE, CA 92618
ATTENTION: FUNDING MANAGER

LPD PDB

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 July 23, 2005 (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

SIGNATURE

DATE

The undersigned each acknowledge receipt of two copies of NOTICE of RIGHT TO CANCEL and one copy of the Federal Truth in Lending Disclosure Statement.

Each borrower/owner in this transaction has the right to cancel. The exercise of this right by one borrower/owner shall be effective to all borrowers/owners.

Leslie Bennett 7/20/05 *Paul Daniel Bennett* 7-20-05
 BORROWER/OWNER LESLIE BENNETT DATE BORROWER/OWNER PAUL DANIEL BENNETT DATE

BORROWER/OWNER DATE BORROWER/OWNER DATE

AUTHORIZATION FOR IMPOUND

TO: PEOPLE'S CHOICE HOME LOAN, INC.

Loan No.: 10238451

Date: 07/20/2005

YES, I/WE WANT AN IMPOUND ACCOUNT.

I/WE THE UNDERSIGNED, AUTHORIZE THE MORTGAGE HOLDER TO COLLECT MONTHLY, IN ADDITION TO PRINCIPAL AND INTEREST AS PRESCRIBED BY THE TERMS OF THE NOTE, AN AMOUNT SUFFICIENT TO PAY TAXES, HAZARD INSURANCE AND (IF REQUIRED) FLOOD INSURANCE THAT COME DUE DURING THE YEAR.

_____	Date	_____	Date
_____	Date	_____	Date
_____	Date	_____	Date

NO, I/WE DO NOT WANT AN IMPOUND ACCOUNT.

PEOPLE'S CHOICE HOME LOAN, INC. DOES NOT REQUIRE THAT YOU ESTABLISH AN IMPOUND ACCOUNT. HOWEVER, YOU AGREE TO PAY TAXES AND INSURANCE PREMIUMS PROMPTLY WHEN DUE AND TO PROVIDE RECEIPTS TO PEOPLE'S CHOICE HOME LOAN, INC., OR ITS SUCCESSORS AND ASSIGNS, IF REQUESTED TO DO SO.

YOUR FAILURE TO PAY SAID TAXES OR INSURANCE PREMIUMS WHEN DUE OR TO MAKE MONTHLY MORTGAGE PAYMENTS AS AGREED SHALL GIVE PEOPLE'S CHOICE HOME LOAN, INC., THE RIGHT TO REQUIRE THAT PROPERTY TAXES AND INSURANCE PREMIUMS BE PLACED IN ESCROW AND PAID MONTHLY FOR THE REMAINING TERM OF THE LOAN OR AS OTHERWISE PERMITTED BY LAW.


BENNETT, LESLIE
Date 7/20/05


BENNETT, PAUL DANIEL
Date 7-20-05

_____	Date	_____	Date
_____	Date	_____	Date

People's Choice Home Loan, Inc.
7515 IRVINE CENTER DRIVE
IRVINE, CALIFORNIA, 92618
(949) 341-2000

LESLIE BENNETT
107 AVENIDA SAN DIMAS
SAN CLEMENTE, CA 92672

Loan Number: 10238451

RE: Transfer / Sale of Loan

Dear Borrower:

We thank you for the recent opportunity of assisting you in securing your real estate loan and look forward to serving your needs again in the future.

As a regular practice, most loans are sold in the secondary marketplace. This is no reflection on you nor your property and has no effect on your mortgage payments. Usually when a loan is sold, the servicing of your loan is also transferred.

Your monthly payment amount has not changed and consists of:

PRINCIPAL AND INTEREST: \$	<u>5,343.95</u>
MORTGAGE INSURANCE: \$	<u>0.00</u>
TOTAL IMPOUNDS: \$	<u>0.00</u>
TOTAL MONTHLY PAYMENTS: \$	<u>5,343.95</u>

PEOPLE'S CHOICE HOME LOAN, INC. will forward payment information and/or coupons to you soon. In the event these coupons are delayed, please send your payment with the temporary payment coupon below directly to PEOPLE'S CHOICE HOME LOAN, INC. If a payment is in transit to us, we will forward your payment on to the new servicer immediately.

Should you have further questions, please call PEOPLE'S CHOICE HOME LOAN, INC., Customer Service, at (866) 858-7877 or the undersigned for assistance. We thank you for your cooperation.

Yours Truly,

People's Choice Home Loan, Inc.

PAYMENT COUPON

Loan Number: 10238451

Due Date: 09/01/2005

Payment Amount: \$ 5,343.95

LESLIE BENNETT
107 AVENIDA SAN DIMAS
SAN CLEMENTE, CA 92672

Apply to Principal: \$ _____

Other: \$ _____

Total Paid: \$ _____

Remit to: PEOPLE'S CHOICE HOME LOAN, INC.
P.O. Box 52678
Irvine, CA 92619

EXHIBIT B
Page 332

A late charge will be assessed to your account and must be paid if payment is not received within 15 days of the due date.

Late Charge is **\$267.20**

ACKNOWLEDGMENT OF BROKER SERVICES AND FEES

Lender Name and Address: People's Choice
Home Loan, Inc.

7515 IRVINE CENTER DR.
IRVINE, CA 92618

Broker Name and Address: M C FUNDING
INC

18006 Sky Park Cir Ste. 210
IRVINE, CA 92614

Loan Number: 10238451

Borrower(s) Name and Address: LESLIE
BENNETT & PAUL DANIEL BENNETT

107 AVENIDA SAN DIMAS, SAN CLEMENTE
, CA 92672

Borrower represents and warrants to Lender as follows:


1. In connection with the above referenced loan, Broker completed the loan application form with the Borrower and performed at least five (5) of the additional services listed below, one or more of which were Processing Services:

Counseling Services

- * Analyzing Borrower's income and debt and pre-qualifying Borrower to determine the maximum mortgage that Borrower can afford.
- * Educating Borrower in the home buying and/or home financing process, advising Borrower about the different loan products available, and demonstrating how closing costs and monthly payments would vary under each product.
- * Collecting financial information (tax returns, bank statements, etc.) and other relating documents that are part of the application process.
- * Assisting Borrower in understanding and clearing credit problems.
- * Maintaining regular contact with Borrower, realtors, and lenders between the application and closing to apprise Borrower and the others of the status of the application and to gather any additional information required.
- * Obtaining lender loan approval.

Processing Services

- * Initiating/ordering Verification of Employment and Verification of Deposit.
 - * Initiating/ordering requests for mortgage and other loan verifications.
 - * Initiating/ordering real estate appraisals.
 - * Initiating/ordering inspections or engineering reports (surveys).
 - * Preparing and providing required disclosures (truth-in-lending, good faith estimate and other disclosures required by federal or state regulations).
 - * Arranging for title insurance and ordering legal documents.
 - * Determining whether property is located in a flood zone or ordering such service.
 - * Participating in the loan closing.
2. Borrower has not paid a loan broker fee to anyone other than to the Broker named above. The Broker's fees and the Lender's fees and charges are accurately disclosed in the HUD-I Settlement Statement.
 3. The fee charged by Broker is reasonable compensation for the services rendered by Broker and is a customary and usual fee for such services in the community in which Broker and/or the property is located.
 4. The amount received by Broker from Lender, if any, was paid on behalf of the Borrower pursuant to a Broker Fee Agreement, and was directly applied to the amount otherwise due to Broker from the Borrower.
 5. The Good Faith Estimate of settlement costs and HUD-I Settlement Statement may disclose the payment of a Yield Spread Premium to the Broker by the Lender. The payment of a Yield Spread Premium will cause the interest rate of the Borrower's loan to be higher than an interest rate for which the Borrower would otherwise qualify. If a Yield Spread Premium is paid to the Broker, this may be in addition to other amounts the Broker may charge the Borrower as well as other fees and charges the Borrower may be required to pay both as a cost of the money being loaned and for services being performed in connection with the Borrower's loan.
 6. The Broker served as an independent contractor and not as the Lender's agent.
 7. Borrower acknowledges that the Broker fully explained the consequences of the Lender paying all or part of the Broker fee, and that borrower's interest rate may not be the lowest rate available to other borrowers.
 8. Borrower directs the Lender to pay the Broker's fee disclosed in the HUD-I Settlement Statement to the Broker.


LESLIE BENNETT Borrower

Date: 7/20/05


PAUL DANIEL BENNETT Borrower

Date: 7-20-05

People's Choice Home Loans, Inc.
 7515 Irvine Center Drive
 Irvine, CA 92618

Loan Number: 10238451

Thank you for choosing People's Choice Home Loans, Inc. ("People's Choice"), for your loan. We understand that your house is more than just collateral - it's your home. We want you to borrow confidently and be sure that you fully understand the terms of your loan.

The information below is a summary of your loan features. Please review this information carefully. This review cannot be substituted for a full review of your loan documents, which you should read and understand. In particular, this information does not replace or amend your closing documents, including your closing settlement or truth-in-lending form. Please ask any questions you may have, we will answer them and work together with you to ensure your complete understanding.


Principal Loan Amount	\$695,000.00
Annual Percentage Rate (APR)	9.689%
Contract Rate (Note Rate)	8.500%
Loan Term	360
Starting Note Rate	8.500%
Maximum Possible Rate	14.500%
Monthly Payment	\$5,343.95
Payment Due Date	September 1, 2005
Prepayment Term (if applicable)	24
Fees Paid to People's Choice	\$1,078.00
Fees Paid to Broker	\$16,208.00
Other Third Party Fees	\$2,831.00
Total Fees Paid By Borrower(s)	\$20,117.00
Broker Fees Paid by Lender/YSP	\$6,950.00
Impounds (if applicable)	\$0.00

Escrow: Your loan does not escrow real estate taxes or homeowners insurance. You will need to make arrangements to pay your taxes and insurance directly.

Prepayment Penalty: The loan you have chosen may contain a prepayment penalty, which will be assessed in the event that your loan is partially or fully repaid within the first few years. You have the option of deciding whether or not your loan will contain a prepayment penalty. If you choose to have a prepayment penalty, you will receive a lower interest rate on your loan, which will result in a lower monthly payment. If you choose not to have a prepayment penalty, your interest rate will be higher, resulting in a higher monthly payment. The decision regarding prepayments is yours to make, and we recommend that you discuss these options with your loan broker or loan officer. That person will be able to provide you with examples of how a prepayment penalty will affect your loan terms and monthly payment.

People's Choice performs a case-by-case analysis of every loan based on the information you provided. You should compare the terms of your old loan, if any, to this new loan to ensure that you can afford the new loan and that this new loan does provide a tangible benefit to you. By signing below, you are acknowledging that you have received an answer to all of your questions regarding the loan and that you fully understand the terms of your loan. You also acknowledge that People's Choice is making this loan in reliance upon the accuracy and completeness of the information obtained in the processing of the loan application and that the loan provides a net tangible benefit to you.

I fully understand and accept the terms of this loan:

 7/20/05

 LESLIE BENNETT Date

 7-20-05

 PAUL DANIEL BENNETT Date

 Date

 Date

OCCUPANCY AFFIDAVIT AND FINANCIAL STATUS

TO:

10238451

Federal Housing Administration
Federal National Mortgage Association
Federal Home Loan Mortgage Corporation
Department of Veterans Affairs

PROPERTY ADDRESS:
107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA
92672

FHA / FNMA / FHLMC / VA CASE NO.:

We the undersigned purchaser(s) of the above captioned property understand that one of the conditions of our loan is that we occupy the subject property and we do hereby certify as follows:

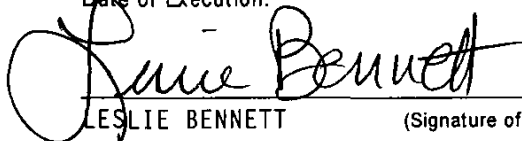
- We will occupy the subject property upon close of escrow; if unable to occupy by close of escrow, we will occupy by the following date 08/19/2005
- We now occupy the subject property.

We the undersigned purchaser(s) also hereby certify that there have been no significant changes in our financial status; i.e., employer, income, available cash, etc., and that our loan application to FHA/VA or conventional lender reflects our current financial position.

We are aware of and understand that if we fail to move into the property by the specified time that we are subject to prosecution under Section 1010, Title 18, United States Code, Federal Housing Administration Transactions, and that we are liable to be fined not more than \$5,000, or imprisoned not more than two years, or both. We are aware of and understand that other Federal Statutes provide severe penalties for any fraud or misrepresentation made for the purpose of influencing the issuance of any guaranty or insurance or the making of any loan by the Secretary of Veterans Affairs.

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date of Execution:


LESLIE BENNETT (Signature of Borrower/Principal)


PAUL DANIEL BENNETT (Signature of Borrower/Principal)

(Signature of Borrower/Principal)

(Signature of Borrower/Principal)

LENDER: People's Choice Home Loan, Inc.

BORROWER(S): LESLIE BENNETT & PAUL DANIEL BENNETT

PROPERTY ADDRESS: 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672

LOAN NO.: 10238451

ERROR AND OMISSIONS / COMPLIANCE AGREEMENT

STATE OF CALIFORNIA
COUNTY OF ORANGE

The undersigned borrower(s) for and in consideration of the above-referenced Lender funding the closing of this loan agrees, if requested by Lender or Closing Agent for Lender, to fully cooperate and adjust for clerical errors, any or all loan closing documentation if deemed necessary or desirable in the reasonable discretion of Lender to enable Lender to sell, convey, seek guaranty or market said loan to any entity, including but not limited to an investor, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, Federal Housing Authority or the Department of Veterans Affairs, or any Municipal Bonding Authority.

The undersigned borrower(s) agree(s) to comply with all above noted requests by the above-referenced Lender within 30 days from date of mailing of said requests. Borrower(s) agree(s) to assume all costs including, by way of illustration and not limitation, actual expenses, legal fees and marketing losses for failing to comply with correction requests in the above noted time period.

The undersigned borrower(s) do hereby so agree and covenant in order to assure that this loan documentation executed this date will conform and be acceptable in the marketplace in the instance of transfer, sale or conveyance by Lender of its interest in and to said loan documentation, and to assure marketable title in the said borrower(s).

DATED effective this

20th

day of

July

2005.

Leslie Bennett
LESLIE BENNETT (Borrower)

Paul Daniel Bennett
PAUL DANIEL BENNETT (Borrower)

(Borrower)

(Borrower)

Sworn to and subscribed before me this

20th

day of

July

2005



Eliseo Ornelas Jr
(Notary Public)
My Commission Expires: 02/05/06

Borrower's Certification & Authorization

Certification

10238451

The undersigned certify the following:

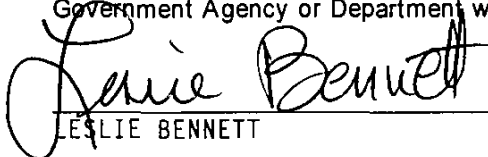
1. I/We have applied for a mortgage loan from PEOPLE'S CHOICE HOME LOAN, INC.
(lender). In applying for the loan, I/we completed a loan application containing various information on the purpose of the loan, the amount and source of the down payment, employment and income information, and assets and liabilities. I/We certify that all of the information is true and complete. I/We made no misrepresentations in the loan application or other documents, nor did I/we omit any pertinent information.
2. I/We understand and agree that PEOPLE'S CHOICE HOME LOAN, INC.
(lender) reserves the right to change the mortgage loan review process to a full documentation program. This may include verifying the information provided on the application with the employer and/or the financial institution.
3. I/We fully understand that it is a Federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements when applying for this mortgage, as applicable under the provisions of Title 18, United States Code, Section 1014.


Authorization to Release Information

To Whom It May Concern:

1. I/We have applied for a mortgage loan from PEOPLE'S CHOICE HOME LOAN, INC.
(lender). As part of the application process, PEOPLE'S CHOICE HOME LOAN, INC. (lender) may verify information contained in my/our loan application and in other documents required in connection with the loan, either before the loan is closed or as part of its quality control program.
2. I/We authorize you to provide to PEOPLE'S CHOICE HOME LOAN, INC. (lender), and to any investor to whom PEOPLE'S CHOICE HOME LOAN, INC. (lender) may sell my/our mortgage, any and all information and documentation that they request. Such information includes, but is not limited to, employment history and income; bank, money market, and similar account balances; credit history; and copies of income tax returns.
3. PEOPLE'S CHOICE HOME LOAN, INC. (lender) or any investor that purchases the mortgage may address this authorization to any party named in the loan application or disclosed by any consumer credit reporting agency or similar source.
4. A copy of this authorization may be accepted as an original.
5. Your prompt reply to PEOPLE'S CHOICE HOME LOAN, INC. (lender) or the investor that purchased the mortgage is appreciated.

NOTICE TO BORROWERS: This is notice to you as required by the Right to Financial Privacy Act of 1978 that HUD/FHA has a right of access to financial records held by financial institutions in connection with the consideration or administration of assistance to you. Financial records involving your transaction will be available to HUD/FHA without further notice or authorization but will not be disclosed or released by this institution to another Government Agency or Department without your consent except as required or permitted by law.


LESLIE BENNETT (Borrower's Signature)


(Social Security Number)

(Borrower's Signature)

(Social Security Number)

Borrower's Certification & Authorization

Certification

10238451

The undersigned certify the following:

1. I/We have applied for a mortgage loan from PEOPLE'S CHOICE HOME LOAN, INC.
(lender). In applying for the loan, I/we completed a loan application containing various information on the purpose of the loan, the amount and source of the down payment, employment and income information, and assets and liabilities. I/We certify that all of the information is true and complete. I/We made no misrepresentations in the loan application or other documents, nor did I/we omit any pertinent information.
2. I/We understand and agree that PEOPLE'S CHOICE HOME LOAN, INC.
(lender) reserves the right to change the mortgage loan review process to a full documentation program. This may include verifying the information provided on the application with the employer and/or the financial institution.
3. I/We fully understand that it is a Federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements when applying for this mortgage, as applicable under the provisions of Title 18, United States Code, Section 1014.

Authorization to Release Information

To Whom It May Concern:

1. I/We have applied for a mortgage loan from PEOPLE'S CHOICE HOME LOAN, INC.
(lender). As part of the application process, PEOPLE'S CHOICE HOME LOAN, INC. (lender) may verify information contained in my/our loan application and in other documents required in connection with the loan, either before the loan is closed or as part of its quality control program.
2. I/We authorize you to provide to PEOPLE'S CHOICE HOME LOAN, INC. (lender), and to any investor to whom PEOPLE'S CHOICE HOME LOAN, INC. (lender) may sell my/our mortgage, any and all information and documentation that they request. Such information includes, but is not limited to, employment history and income; bank, money market, and similar account balances; credit history; and copies of income tax returns.
3. PEOPLE'S CHOICE HOME LOAN, INC. (lender) or any investor that purchases the mortgage may address this authorization to any party named in the loan application or disclosed by any consumer credit reporting agency or similar source.
4. A copy of this authorization may be accepted as an original.
5. Your prompt reply to PEOPLE'S CHOICE HOME LOAN, INC. (lender) or the investor that purchased the mortgage is appreciated.

NOTICE TO BORROWERS: This is notice to you as required by the Right to Financial Privacy Act of 1978 that HUD/FHA has a right of access to financial records held by financial institutions in connection with the consideration or administration of assistance to you. Financial records involving your transaction will be available to HUD/FHA without further notice or authorization but will not be disclosed or released by this institution to another Government Agency or Department without your consent except as required or permitted by law.


PAUL DANIEL BENNETT (Borrower's Signature)


(Social Security Number)

(Borrower's Signature)

(Social Security Number)

Form **4506-T**
(January 2004)

Request for Transcript of Tax Return

10238451

OMB No. 1545-1872

Department of the Treasury
Internal Revenue Service

- ▶ Do not sign this form unless all applicable parts have been completed.
Read the instructions on page 2.
- ▶ Request may be rejected if the form is incomplete, illegible, or any required part was blank at the time of signature.

TIP: Use new Form 4506-T to order a transcript or other return information free of charge. See the product list below. You can also call 1-800-829-1040 to order a transcript. If you need a copy of your return, use Form 4506, Request for Copy of Tax Return. There is a fee to get a copy of your return.

1a Name shown on tax return. If a joint return, enter the name shown first.	1b First social security number on tax return or employer identification number (see instructions)
--	---

LESLIE BENNETT

2a If a joint return, enter spouse's name shown on tax return

2b Second social security number if joint tax return

3 Current name, address (including apt., room, or suite no.), city, state, and ZIP code

LESLIE BENNETT
107 AVENIDA SAN DIMAS, SAN CLEMENTE, CA 92672

4 Address, (including apt., room, or suite no.), city, state, and ZIP code shown on the last return filed if different from line 3

5 If the transcript or tax information is to be mailed to a third party (such as a mortgage company), enter the third party's name, address, and telephone number. The IRS has no control over what the third party does with the tax information.

People's Choice Home Loan, Inc.
7515 IRVINE CENTER DR., IRVINE, CA 92618

CAUTION: Lines 6 and 7 must be completed if the third party requires you to complete Form 4506-T. Do not sign Form 4506-T if the third party requests that you sign Form 4506-T and lines 6 and 7 are blank.

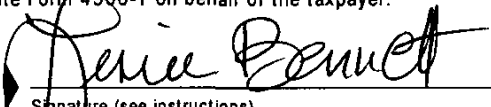
6 Product requested. Most requests will be processed within 10 business days. If the product requested relates to information from a return filed more than 4 years ago, it may take up to 30 days. Enter the return number here and check the box below. ▶

- a** Return Transcript, which includes most of the line items of a tax return as filed with the IRS. Transcripts are generally available for the following returns: Form 1040 series, Form 1065, Form 1120, Form 1120A, Form 1120H, Form 1120L, and Form 1120S. Return transcripts are available for the current year and returns processed during the prior 3 processing years
- b** Account Transcript, which contains information on the financial status of the account, such as payments made on the account, penalty assessments, and adjustments made by you or the IRS after the return was filed. Return information is limited to items such as tax liability and estimated tax payments. Account transcripts are available for most returns
- c** Record of Account, which is a combination of line item information and later adjustments to the account. Available for current year and 3 prior tax years
- d** Verification of Nonfiling, which is proof from the IRS that you did not file a return for the year
- e** Form W-2, Form 1099 series, Form 1098 series, or Form 5498 series transcript. The IRS can provide a transcript that includes data from these information returns. State or local information is not included with the Form W-2 information. The IRS may be able to provide this transcript information for up to 10 years. Information for the current year is generally not available until the year after it is filed with the IRS. For example, W-2 information for 2003, filed in 2004, will not be available from the IRS until 2005. If you need W-2 information for retirement purposes, you should contact the Social Security Administration at 1-800-772-1213

CAUTION: If you need a copy of Form W-2 or Form 1099, you should first contact the payer. To get a copy of the Form W-2 or Form 1099 filed with your return, you must use Form 4506 and request a copy of your return, which includes all attachments.

7 Year or period requested. Enter the ending date of the year or period, using the mm/dd/yyyy format. If you are requesting more than four years or periods, you must attach another Form 4506-T.

Signature of taxpayer(s). I declare that I am either the taxpayer whose name is shown on line 1a or 2a, or a person authorized to obtain the tax information requested. If the request applies to a joint return, either husband or wife must sign. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify that I have the authority to execute Form 4506-T on behalf of the taxpayer.


Signature (see instructions)

11/20/05
Date

Telephone number of taxpayer on line 1a or 2a

Sign Here

Title (if line 1a above is a corporation, partnership, estate, or trust)

Spouse's signature

Date

For Privacy Act and Paperwork Reduction Act Notice, see page 2.

Cat. No. 37667N

Form 4506-T (1-2004)

10238451

A Change To Note

● **New Form 4506-T, Request for Transcript of Tax Return**, is used to request tax return transcripts, tax account transcripts, W-2 information, 1099 information, verification of non-filing, and a record of account. Form 4506, Request for Copy of Tax Return, is now used only to request copies of tax returns.

Instructions

Purpose of form. Use Form 4506-T to request tax return information. You can also designate a third party to receive the information. See line 5.

Where to file. Mail or fax Form 4506-T to the address below for the state you lived in when that return was filed. There are two address charts: one for individual transcripts (Form 1040 series) and one for all other transcripts.

Note: If you are requesting more than one transcript or other product and the chart below shows two different service centers, mail your request to the service center based on the address of your most recent return.

Chart for individual transcripts (Form 1040 series)

If you lived in and filed an individual return:	Mail or fax to the Internal Revenue Service at:
Maine, Massachusetts, New Hampshire, New York, Vermont	RAIVS Team 310 Lowell St. Andover, MA 01810 978-691-6859
Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, West Virginia, Rhode Island	RAIVS Team 4800 Buford Hwy. Stop 91 Chamblee, GA 30341 678-530-5326
Arkansas, Colorado, Kentucky, Louisiana, New Mexico, Oklahoma, Tennessee, Texas	RAIVS Team 3651 South Interregional Hwy. Stop 6716 Austin, TX 78741 512-460-2272
Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington, Wyoming	RAIVS Team Stop 38101 Fresno, CA 93888 559-253-4992
Delaware, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, South Dakota, Wisconsin	RAIVS Team Stop B41-6700 Kansas City, MO 64999 816-823-7667
Ohio, Virginia	RAIVS Team 5333 Getwell Rd. Stop 2826 Memphis, TN 38118 901-546-4175

Connecticut, District of Columbia, Maryland, New Jersey, Pennsylvania, a foreign country, or A.P.O. or F.P.O. address
 RAIVS Team
 DP SE 135
 Philadelphia, PA
 19255-0695
 215-516-2931

Chart for all other transcripts

If you lived in:	Mail to the Internal Revenue Service at:
Alabama, Alaska, Arizona, Arkansas, California, Colorado, Florida, Georgia, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Tennessee, Texas, Utah, Washington, Wyoming	RAIVS Team Mail Stop 6734 Ogden, UT 84201 801-620-6922
Connecticut, Delaware, District of Columbia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, West Virginia, Wisconsin	RAIVS Team P.O. Box 145500 Stop 2800F Cincinnati, OH 45250 859-669-3592

Partnerships. Generally, Form 4506-T can be signed by any person who was a member of the partnership during any part of the tax period requested on line 7.

All others. See section 6103(e) if the taxpayer has died, is insolvent, is a dissolved corporation, or if a trustee, guardian, executor, receiver, or administrator is acting for the taxpayer.

Documentation. For entities other than individuals, you must attach the authorization document. For example, this could be the letter from the principal officer authorizing an employee of the corporation or the Letters Testamentary authorizing an individual to act for an estate.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to establish your right to gain access to the requested tax information under the Internal Revenue Code. We need this information to properly identify the tax information and respond to your request. Sections 6103 and 6109 require you to provide this information, including your SSN or EIN. If you do not provide this information, we may not be able to process your request. Providing false or fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and cities, states, and the District of Columbia for use in administering their tax laws. We may also disclose this information to Federal and state agencies to enforce Federal nontax criminal laws and to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file Form 4506-T will vary depending on individual circumstances. The estimated average time is: **Learning about the law or the form, 10 min.; Preparing the form, 11 min.; and Copying, assembling, and sending the form to the IRS, 20 min.**

If you have comments concerning the accuracy of these time estimates or suggestions for making Form 4506-T simpler, we would be happy to hear from you. You can write to the Tax Products Coordinating Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. Do not send the form to this address. Instead, see **Where to file** on this page.

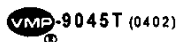
Line 1b. Enter your employer identification number if your request relates to a business return. Otherwise, enter the first social security number (SSN) shown on the return. For example, if you are requesting Form 1040 that includes Schedule C (Form 1040), enter your SSN.

Signature and date. Form 4506-T must be signed and dated by the taxpayer listed on line 1a or 2a. If you completed line 5 requesting the information be sent to a third party, the IRS must receive Form 4506-T within 60 days of the date signed by the taxpayer or it will be rejected.

Individuals. Transcripts of jointly filed tax returns may be furnished to either spouse. Only one signature is required. Sign Form 4506-T exactly as your name appeared on the original return. If you changed your name, also sign your current name.

Corporations. Generally, Form 4506-T can be signed by: (1) an officer having legal authority to bind the corporation, (2) any person designated by the board of directors or other governing body, or (3) any officer or employee on written request by any principal officer and attested to by the secretary or other officer.

10238451



Form **4506-T**
(January 2004)

Request for Transcript of Tax Return

10238451

OMB No. 1545-1872

Department of the Treasury
Internal Revenue Service

- ▶ Do not sign this form unless all applicable parts have been completed. Read the instructions on page 2.
- ▶ Request may be rejected if the form is incomplete, illegible, or any required part was blank at the time of signature.

TIP: Use new Form 4506-T to order a transcript or other return information free of charge. See the product list below. You can also call 1-800-829-1040 to order a transcript. If you need a copy of your return, use Form 4506, Request for Copy of Tax Return. There is a fee to get a copy of your return.

1a Name shown on tax return. If a joint return, enter the name shown first.

PAUL DANIEL BENNETT

1b First social security number on tax return or employer identification number (see instructions)

2a If a joint return, enter spouse's name shown on tax return

security number if joint tax return

3 Current name, address (including apt., room, or suite no.), city, state, and ZIP code

PAUL DANIEL BENNETT
107 AVENIDA SAN DIMAS, SAN CLEMENTE, CA 92672

4 Address, (including apt., room, or suite no.), city, state, and ZIP code shown on the last return filed if different from line 3

5 If the transcript or tax information is to be mailed to a third party (such as a mortgage company), enter the third party's name, address, and telephone number. The IRS has no control over what the third party does with the tax information.

People's Choice Home Loan, Inc.
7515 IRVINE CENTER DR., IRVINE, CA 92618

CAUTION: Lines 6 and 7 must be completed if the third party requires you to complete Form 4506-T. Do not sign Form 4506-T if the third party requests that you sign Form 4506-T and lines 6 and 7 are blank.

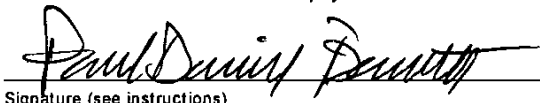
6 Product requested. Most requests will be processed within 10 business days. If the product requested relates to information from a return filed more than 4 years ago, it may take up to 30 days. Enter the return number here and check the box below. ▶ _____

- a** Return Transcript, which includes most of the line items of a tax return as filed with the IRS. Transcripts are generally available for the following returns: Form 1040 series, Form 1065, Form 1120, Form 1120A, Form 1120H, Form 1120L, and Form 1120S. Return transcripts are available for the current year and returns processed during the prior 3 processing years
- b** Account Transcript, which contains information on the financial status of the account, such as payments made on the account, penalty assessments, and adjustments made by you or the IRS after the return was filed. Return information is limited to items such as tax liability and estimated tax payments. Account transcripts are available for most returns
- c** Record of Account, which is a combination of line item information and later adjustments to the account. Available for current year and 3 prior tax years
- d** Verification of Nonfiling, which is proof from the IRS that you did not file a return for the year
- e** Form W-2, Form 1099 series, Form 1098 series, or Form 5498 series transcript. The IRS can provide a transcript that includes data from these information returns. State or local information is not included with the Form W-2 information. The IRS may be able to provide this transcript information for up to 10 years. Information for the current year is generally not available until the year after it is filed with the IRS. For example, W-2 information for 2003, filed in 2004, will not be available from the IRS until 2005. If you need W-2 information for retirement purposes, you should contact the Social Security Administration at 1-800-772-1213

CAUTION: If you need a copy of Form W-2 or Form 1099, you should first contact the payer. To get a copy of the Form W-2 or Form 1099 filed with your return, you must use Form 4506 and request a copy of your return, which includes all attachments.

7 Year or period requested. Enter the ending date of the year or period, using the mm/dd/yyyy format. If you are requesting more than four years or periods, you must attach another Form 4506-T.

Signature of taxpayer(s). I declare that I am either the taxpayer whose name is shown on line 1a or 2a, or a person authorized to obtain the tax information requested. If the request applies to a joint return, either husband or wife must sign. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify that I have the authority to execute Form 4506-T on behalf of the taxpayer.


Telephone number of taxpayer on line 1a or 2a
 Signature (see instructions) 7-2005
 Date
 Title (if line 1a above is a corporation, partnership, estate, or trust)
 Spouse's signature Date

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat. No. 37667N Form 4506-T (1-2004)

10238451

A Change To Note

● **New Form 4506-T, Request for Transcript of Tax Return**, is used to request tax return transcripts, tax account transcripts, W-2 information, 1099 information, verification of non-filing, and a record of account. **Form 4506, Request for Copy of Tax Return**, is now used only to request copies of tax returns.

Instructions

Purpose of form. Use Form 4506-T to request tax return information. You can also designate a third party to receive the information. See line 5.

Where to file. Mail or fax Form 4506-T to the address below for the state you lived in when that return was filed. There are two address charts: one for individual transcripts (Form 1040 series) and one for all other transcripts.

Note: If you are requesting more than one transcript or other product and the chart below shows two different service centers, mail your request to the service center based on the address of your most recent return.

Chart for individual transcripts (Form 1040 series)

If you lived in and filed an individual return:	Mail or fax to the Internal Revenue Service at:
Maine, Massachusetts, New Hampshire, New York, Vermont	RAIVS Team 310 Lowell St. Stop 679 Andover, MA 01810 978-691-6859
Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, West Virginia, Rhode Island	RAIVS Team 4800 Buford Hwy. Stop 91 Chamblee, GA 30341 678-530-5326
Arkansas, Colorado, Kentucky, Louisiana, New Mexico, Oklahoma, Tennessee, Texas	RAIVS Team 3651 South Interregional Hwy. Stop 6716 Austin, TX 78741 512-460-2272
Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington, Wyoming	RAIVS Team Stop 38101 Fresno, CA 93888 559-253-4992
Delaware, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, South Dakota, Wisconsin	RAIVS Team Stop B41-6700 Kansas City, MO 64999 816-823-7667
Ohio, Virginia	RAIVS Team 5333 Getwell Rd. Stop 2826 Memphis, TN 38118 901-546-4175

Connecticut, District of Columbia, Maryland, New Jersey, Pennsylvania, a foreign country, or A.P.O. or F.P.O. address
 RAIVS Team
 DP SE 135
 Philadelphia, PA 19255-0695
 215-516-2931

Chart for all other transcripts

If you lived in:	Mail to the Internal Revenue Service at:
Alabama, Alaska, Arizona, Arkansas, California, Colorado, Florida, Georgia, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Tennessee, Texas, Utah, Washington, Wyoming	RAIVS Team Mail Stop 6734 Ogden, UT 84201 801-620-6922
Connecticut, Delaware, District of Columbia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, West Virginia, Wisconsin	RAIVS Team P.O. Box 145500 Stop 2800F Cincinnati, OH 45250 559-669-3592

Partnerships. Generally, Form 4506-T can be signed by any person who was a member of the partnership during any part of the tax period requested on line 7.

All others. See section 6103(e) if the taxpayer has died, is insolvent, is a dissolved corporation, or if a trustee, guardian, executor, receiver, or administrator is acting for the taxpayer.

Documentation. For entities other than individuals, you must attach the authorization document. For example, this could be the letter from the principal officer authorizing an employee of the corporation or the Letters Testamentary authorizing an individual to act for an estate.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to establish your right to gain access to the requested tax information under the Internal Revenue Code. We need this information to properly identify the tax information and respond to your request. Sections 6103 and 6109 require you to provide this information, including your SSN or EIN. If you do not provide this information, we may not be able to process your request. Providing false or fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and cities, states, and the District of Columbia for use in administering their tax laws. We may also disclose this information to Federal and state agencies to enforce Federal nontax criminal laws and to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file Form 4506-T will vary depending on individual circumstances. The estimated average time is: Learning about the law or the form, 10 min.; Preparing the form, 11 min.; and Copying, assembling, and sending the form to the IRS, 20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making Form 4506-T simpler, we would be happy to hear from you. You can write to the Tax Products Coordinating Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. Do not send the form to this address. Instead, see Where to file on this page.

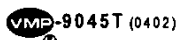
Line 1b. Enter your employer identification number if your request relates to a business return. Otherwise, enter the first social security number (SSN) shown on the return. For example, if you are requesting Form 1040 that includes Schedule C (Form 1040), enter your SSN.

Signature and date. Form 4506-T must be signed and dated by the taxpayer listed on line 1a or 2a. If you completed line 5 requesting the information be sent to a third party, the IRS must receive Form 4506-T within 60 days of the date signed by the taxpayer or it will be rejected.

Individuals. Transcripts of jointly filed tax returns may be furnished to either spouse. Only one signature is required. Sign Form 4506-T exactly as your name appeared on the original return. If you changed your name, also sign your current name.

Corporations. Generally, Form 4506-T can be signed by: (1) an officer having legal authority to bind the corporation, (2) any person designated by the board of directors or other governing body, or (3) any officer or employee on written request by any principal officer and attested to by the secretary or other officer.

10238451



Initials

Form **W-9**
 (Rev. January 2003)
 Department of the Treasury
 Internal Revenue Service

**Request for Taxpayer
 Identification Number and Certification**

Give form to the requester.
 Do not send to the IRS.

Print or type
 See Specific Instructions on page 2.

Name
LESLIE BENNETT

Business name, if different from above

Check appropriate box: Individual/Sole proprietor Corporation Partnership Other Exempt from backup withholding

Address (number, street, and apt. or suite no.)
107 AVENIDA SAN DIMAS

City, state, and ZIP code
SAN CLEMENTE, CA 92672

List account number(s) here (optional)

Requester's name and address (optional)
**People's Choice Home Loan,
 7515 IRVINE CENTER DR.
 IRVINE, CA 92618**

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see How to get a TIN on page 3.

Social security number
 [Redacted]

OR

Employer identification number
 [Redacted]

Note: If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. person (including a U.S. resident alien).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 4.)

Sign Here Signature of U.S. person *Leslie Bennett* Date **07/20/2005**

Purpose of Form

A person who is required to file an information return with the IRS, must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

U.S. person. Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee.

Note: If a requester gives you a form other than Form W-9 to request your TIN, you should use the requester's form. However, this form must meet the acceptable specifications described in Pub. 1167, General Rules and Specifications for Substitute Tax Forms and Schedules.

Foreign person. If you are a foreign person, use the appropriate Form W-8 (see Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the recipient has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement that specifies the following five items:

- The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
- The treaty article addressing the income.
- The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
- The type and amount of income that qualifies for the exemption from tax.
- Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Form W-9 (Rev. 1-2003)

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 30% of such payments (29% after December 31, 2003; 28% after December 31, 2005). This is called "backup withholding." Payments that may be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester, or
2. You do not certify your TIN when required (see the Part II instructions on page 4 for details), or
3. The IRS tells the requester that you furnished an incorrect TIN, or
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate **Instructions for the Requester of Form W-9**.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of Federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your social security card. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your social security card on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name" line.

Limited liability company (LLC). If you are a single-member LLC (including a foreign LLC with a domestic owner) that is disregarded as an entity separate from its owner under Treasury regulations section 301.7701-3, enter the owner's name on the "Name" line. Enter the LLC's name on the "Business name" line.

Other entities. Enter your business name as shown on required Federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name" line.

Note: You are requested to check the appropriate box for your status (individual/sole proprietor, corporation, etc.).

Exempt From Backup Withholding

If you are exempt, enter your name as described above and check the appropriate box for your status, then check the "Exempt from backup withholding" box in the line following the business name, sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note: If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

Exempt payees. Backup withholding is not required on any payments made to the following payees:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2);
 2. The United States or any of its agencies or instrumentalities;
 3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities;
 4. A foreign government or any of its political subdivisions, agencies, or instrumentalities; or
 5. An international organization or any of its agencies or instrumentalities.
- Other payees that may be exempt from backup withholding include:
6. A corporation;
 7. A foreign central bank of issue;
 8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States;

Form W-9 (Rev. 1-2003)

- 9. A futures commission merchant registered with the Commodity Futures Trading Commission;
- 10. A real estate investment trust;
- 11. An entity registered at all times during the tax year under the Investment Company Act of 1940;
- 12. A common trust fund operated by a bank under section 584(a);
- 13. A financial institution;
- 14. A middleman known in the investment community as a nominee or custodian; or
- 15. A trust exempt from tax under section 664 or described in section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt recipients listed above, 1 through 15.

If the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt recipients except for 9
Broker transactions	Exempt recipients 1 through 13. Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker
Barter exchange transactions and patronage dividends	Exempt recipients 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt recipients 1 through 7 ²

¹ See Form 1099-MISC, Miscellaneous Income, and its instructions.

² However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees; and payments for services paid by a Federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see How to get a TIN below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-owner LLC that is disregarded as an entity separate from its owner (see Limited liability company (LLC) on page 2), enter your SSN (or EIN, if you have one). If the LLC is a corporation, partnership, etc., enter the entity's EIN.

Note: See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form on-line at www.ssa.gov/online/ss5.html. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can get Forms W-7 and SS-4 from the IRS by calling 1-800-TAX-FORM (1-800-829-3676) or from the IRS Web Site at www.irs.gov.

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note: Writing "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

Form W-9 (Rev. 1-2003)

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 3, and 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). Exempt recipients, see Exempt from backup withholding on page 2.

Signature requirements. Complete the certification as indicated in 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA or Archer MSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The Individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ¹
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ¹
5. Sole proprietorship or single-owner LLC	The owner ³
For this type of account:	Give name and EIN of:
6. Sole proprietorship or single-owner LLC	The owner ³
7. A valid trust, estate, or pension trust	Legal entity ⁴
8. Corporate or LLC electing corporate status on Form 8837	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership or multi-member LLC	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name, but you may also enter your business or "DBA" name. You may use either your SSN or EIN (if you have one).

⁴ List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

Note: If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA or Archer MSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, or to Federal and state agencies to enforce Federal nontax criminal laws and to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 30% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

Form **W-9**
 (Rev. January 2003)
 Department of the Treasury
 Internal Revenue Service

**Request for Taxpayer
 Identification Number and Certification**

Give form to the requester.
 Do not send to the IRS.

Print or type
 See Specific Instructions on page 2.

Name
PAUL DANIEL BENNETT

Business name, if different from above

Check appropriate box: Individual/Sole proprietor Corporation Partnership Other Exempt from backup withholding

Address (number, street, and apt. or suite no.)
107 AVENIDA SAN DIMAS

City, state, and ZIP code
SAN CLEMENTE, CA 92672

List account number(s) here (optional)

Requester's name and address (optional)
**People's Choice Home Loan,
 7515 IRVINE CENTER DR.
 IRVINE, CA 92618**

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see How to get a TIN on page 3.

Social security number
 [REDACTED]

OR

Employer identification number
 [REDACTED]

Note: If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. person (including a U.S. resident alien).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 4.)

Sign Here Signature of U.S. person **Paul Daniel Bennett** Date **07/20/2005**

Purpose of Form

A person who is required to file an information return with the IRS, must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

U.S. person. Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee.

Note: If a requester gives you a form other than Form W-9 to request your TIN, you should use the requester's form. However, this form must meet the acceptable specifications described in Pub. 1167, General Rules and Specifications for Substitute Tax Forms and Schedules.

Foreign person. If you are a foreign person, use the appropriate Form W-8 (see Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the recipient has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement that specifies the following five items:

- The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
- The treaty article addressing the income.
- The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
- The type and amount of income that qualifies for the exemption from tax.
- Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Form W-9 (Rev. 1-2003)

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 30% of such payments (29% after December 31, 2003; 28% after December 31, 2005). This is called "backup withholding." Payments that may be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester, or
2. You do not certify your TIN when required (see the Part II instructions on page 4 for details), or
3. The IRS tells the requester that you furnished an incorrect TIN, or
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate instructions for the Requester of Form W-9.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of Federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your social security card. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your social security card on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name" line.

Limited liability company (LLC). If you are a single-member LLC (including a foreign LLC with a domestic owner) that is disregarded as an entity separate from its owner under Treasury regulations section 301.7701-3, enter the owner's name on the "Name" line. Enter the LLC's name on the "Business name" line.

Other entities. Enter your business name as shown on required Federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name" line.

Note: You are requested to check the appropriate box for your status (individual/sole proprietor, corporation, etc.).

Exempt From Backup Withholding

If you are exempt, enter your name as described above and check the appropriate box for your status, then check the "Exempt from backup withholding" box in the line following the business name, sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note: If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

Exempt payees. Backup withholding is not required on any payments made to the following payees:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2);
 2. The United States or any of its agencies or instrumentalities;
 3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities;
 4. A foreign government or any of its political subdivisions, agencies, or instrumentalities; or
 5. An international organization or any of its agencies or instrumentalities.
- Other payees that may be exempt from backup withholding include:
6. A corporation;
 7. A foreign central bank of issue;
 8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States;

Form W-9 (Rev. 1-2003)

- 9. A futures commission merchant registered with the Commodity Futures Trading Commission;
- 10. A real estate investment trust;
- 11. An entity registered at all times during the tax year under the Investment Company Act of 1940;
- 12. A common trust fund operated by a bank under section 584(a);
- 13. A financial institution;
- 14. A middleman known in the investment community as a nominee or custodian; or
- 15. A trust exempt from tax under section 664 or described in section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt recipients listed above, 1 through 15.

If the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt recipients except for 9
Broker transactions	Exempt recipients 1 through 13. Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker
Barter exchange transactions and patronage dividends	Exempt recipients 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt recipients 1 through 7 ²

¹ See Form 1099-MISC, Miscellaneous Income, and its instructions.
² However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees; and payments for services paid by a Federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see **How to get a TIN** below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-owner LLC that is disregarded as an entity separate from its owner (see Limited liability company (LLC) on page 2), enter your SSN (or EIN, if you have one). If the LLC is a corporation, partnership, etc., enter the entity's EIN.

Note: See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form on-line at www.ssa.gov/online/ss5.html. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can get Forms W-7 and SS-4 from the IRS by calling 1-800-TAX-FORM (1-800-829-3676) or from the IRS Web Site at www.irs.gov.

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note: Writing "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

Form W-9 (Rev. 1-2003)

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 3, and 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). Exempt recipients, see **Exempt from backup withholding** on page 2.

Signature requirements. Complete the certification as indicated in 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA or Archer MSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The Individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ¹
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ¹
5. Sole proprietorship or single-owner LLC	The owner ³
For this type of account:	Give name and EIN of:
6. Sole proprietorship or single-owner LLC	The owner ³
7. A valid trust, estate, or pension trust	Legal entity ⁴
8. Corporate or LLC electing corporate status on Form 8837	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership or multi-member LLC	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name, but you may also enter your business or "DBA" name. You may use either your SSN or EIN (if you have one).

⁴ List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

Note: If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA or Archer MSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, or to Federal and state agencies to enforce Federal nontax criminal laws and to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 30% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

**NOTICE TO BORROWER
NOT IN
SPECIAL FLOOD HAZARD AREA**

Borrower(s): LESLIE BENNETT & PAUL DANIEL BENNETT

Loan No: 10238451

Property Address: 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672

Date: 07/20/2005

Attached is the completed Standard Flood Hazard Determination Form that indicates that the improved real estate or mobile home securing your loan is not located in an area designated by the Director of the Federal emergency Management Agency ("FEMA") as a Special Flood Hazard Area ("SFHA"). As a result of this determination, you will not be required to obtain mandatory flood insurance in connection with the making of your loan.

However, you home may be near a SFHA. As such you, or your lender, may want to consider the advisability of obtaining flood insurance at reduced rates. You should check with your insurance agent or company as to the coverage types and amounts available to you and make your own determination as to whether you desire any such coverage.

If, however, at any time during the term of your loan the improved real estate or mobile home securing your loan is, due to re-mapping by FEMA or otherwise, located in an area that has been identified by the Director of FEMA as an area having special flood hazards and in which flood insurance is available under the National Flood Insurance Program, you will be so notified and advised that you must obtain an appropriate amount of flood insurance coverage. If, within 45 days after we wend you such notification, you fail to purchase flood insurance in an amount not less that the amount we advise you is necessary, we shall purchase such flood insurance on your behalf at your expense, as we are authorized to do in accordance with the provisions of the Flood Disaster Protection Act of 1973, as amended.

Flood insurance coverage under the NFIP may be purchased through an insurance agent who will obtain the policy either directly through the NFIP or through an insurance company that participates in the NFIP. Flood insurance also may be available from private insurers that do not participate in the NFIP.

I/We, the undersigned borrower(s), applicant(s), hereby understand and agree to all of the above.

Leslie Bennett 7/20/05
Borrower Date
LESLIE BENNETT

Paul Daniel Bennett 7-20-05
Borrower Date
PAUL DANIEL BENNETT

Borrower Date

Borrower Date

Borrower Date

Borrower Date

People's Choice Home Loan, Inc.
INITIAL DISCLOSURE COVER LETTER

Re: LESLIE BENNETT
PAUL DANIEL BENNETT
107 AVENIDA SAN DIMAS
SAN CLEMENTE , CA 92672

Date: 07/14/2005
Loan Number: 10238451

Thank you for your recent loan application.

We enclose the following consumer credit disclosures and notices for your credit request:

1. Truth In Lending Disclosure
2. Good Faith Estimate
3. Notice Regarding Required use of Settlement
4. RESPA Transfer of Servicing Disclosure
5. Appraisal Disclosure
6. Fees and Charges for your loan
7. Privacy Policy
8. ARM Program Disclosure
9. Fair Lending Notice
10. Hazard Insurance Disclosure
11. CA Consumer Credit Score Disclosure

In addition, we enclose the HUD Settlement Costs handbook and, if applicable, a handbook which explains the features of your adjustable rate mortgage (see CHARM Handbook)

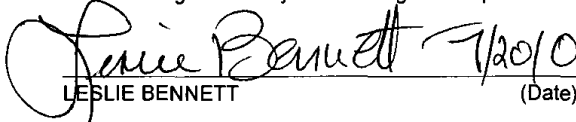

These disclosures and notices have been prepared based on preliminary information you and your mortgage broker (if applicable) have provided to us. We will provide you with final disclosures and notices prior to loan closing.

Once we have received all required documents and information, we will make a good faith effort to process your mortgage loan application and to issue a final conditional approval as quickly as possible. Certain circumstances or events unknown to us at this time may cause us delays in processing your mortgage loan application.

Please Sign the acknowledgment below as well as a copy of the Servicing Disclosure Statement to evidence that you have received the enclosed disclosures and notices, and return both signed forms to us. This is neither a contract nor a commitment to lend. Thank you.

ACKNOWLEDGMENT

The undersigned hereby acknowledges receipt of the disclosures and notices listed above.

	
LESLIE BENNETT	PAUL DANIEL BENNETT
(Date)	(Date)

_____	_____
(Date)	(Date)

_____	_____
(Date)	(Date)

Deso Exhibit B (part 3) Page 58 of 82
RESPA SERVICING DISCLOSURE

Lender: PEOPLE'S CHOICE HOME LOAN, INC.
7515 IRVINE CENTER DR.
IRVINE, CA 92618

NOTICE TO FIRST LIEN MORTGAGE LOAN APPLICANTS: THE RIGHT TO COLLECT YOUR MORTGAGE LOAN PAYMENTS MAY BE TRANSFERRED. FEDERAL LAW GIVES YOU CERTAIN RELATED RIGHTS. IF YOUR LOAN IS MADE, SAVE THIS STATEMENT WITH YOUR LOAN DOCUMENTS. SIGN THE ACKNOWLEDGMENT AT THE END OF THIS STATEMENT ONLY IF YOU UNDERSTAND ITS CONTENTS.

Because you are applying for a mortgage loan covered by the Real Estate Settlement Procedures Act (RESPA) (12 U.S.C. Section 2601 et seq.) you have certain rights under that Federal law.

This statement tells you about those rights. It also tells you what the chances are that the servicing for this loan may be transferred to a different loan servicer. "Servicing" refers to collecting your principal, interest and escrow account payments, if any. If your loan servicer changes, there are certain procedures that must be followed. This statement generally explains those procedures.

Transfer Practices and Requirements

If the servicing of your loan is assigned, sold, or transferred to a new servicer, you must be given written notice of that transfer. The present loan servicer must send you notice in writing of the assignment, sale or transfer of the servicing not less than 15 days before the effective date of the transfer. The new loan servicer must also send you notice within 15 days after the effective date of the transfer. The present servicer and the new servicer may combine this information in one notice, so long as the notice is sent to you 15 days before the effective date of transfer. The 15 day period is not applicable if a notice of prospective transfer is provided to you at settlement. The law allows a delay in the time (not more than 30 days after a transfer) for servicers to notify you, upon the occurrence of certain business emergencies.

Notices must contain certain information. They must contain the effective date of the transfer of the servicing of your loan to the new servicer, and the name, address, and toll-free or collect call telephone number of the new servicer, and toll-free or collect call telephone numbers of a person or department for both your present servicer and your new servicer to answer your questions. During the 60-day period following the effective date of the transfer of the loan servicing, a loan payment received by your old servicer before its due date may not be treated by the new loan servicer as late, and a late fee may not be imposed on you.

Complaint Resolution

Section 6 of RESPA (12 U.S.C. Section 2605) gives you certain consumer rights, *whether or not your loan servicing is transferred*. If you send a qualified written request" to your servicer, your servicer must provide you with a written acknowledgment within 20 Business Days of receipt of your request. A "qualified written request" is a written correspondence, other than notice on a payment coupon or other payment medium supplied by the servicer, which includes your name and account number, and the information regarding your request. Not later than 60 Business Days after receiving your request, your servicer must make any appropriate corrections to your account, or must provide you with a written clarification regarding any dispute. During this 60-Business Day period, your servicer may not provide information to a consumer reporting agency concerning any overdue payment related to such period or qualified written request.

A Business Day is any day in which the offices of the business entity are open to the public for carrying on substantially all of its business functions.

Damages and Costs

Section 6 of RESPA also provides for damages and costs for individuals or classes of individuals in circumstances where servicers are shown to have violated the requirements of that Section.

Servicing Transfer Estimates

- The following is the best estimate of what will happen to the servicing of your mortgage loan:
 - We may assign, sell or transfer the servicing of your loan while the loan is outstanding. We are able to service your loan and we will will not haven't decided whether to service your loan.
 - OR
 - We do not service mortgage loans, and we have not serviced mortgage loans in the past three years.
 - We presently intend to assign, sell or transfer the servicing of your mortgage loan. You will be informed about your servicer.
 - We assign, sell or transfer the servicing of some of our loans while the loan is outstanding depending on the type of loan and other factors. For the program you have applied for, we expect to:
 - sell all of the mortgage servicing retain all of the mortgage servicing
 - assign, sell or transfer 0.000 % of the mortgage servicing
- For all the first lien mortgage loans that we make in the 12-month period after your mortgage loan is funded, we estimate that the percentage of mortgage loans for which we will transfer servicing is between:

_____ [0 to 25%] or [NONE] _____ 26 to 50% _____ 51 to 75% _____ [76 to 100%] or [ALL]

This estimate does does not include assignments, sales or transfers to affiliates or subsidiaries. This is only our best estimate and it is not binding. Business conditions or other circumstances may affect our future transferring decisions.

- We have previously assigned, sold or transferred the servicing of federally related mortgage loans.

OR

 This is our record of transferring the servicing of the first lien mortgage loans we have made in the past:



Year	Percentage of Loans Transferred	(Rounded to nearest quartile - 0%, 25%, 50%, 75%, or 100%)
2002	100.000 %	
2003	100.000 %	
2004	100.000 %	

This information does does not include assignments, sales or transfers to affiliates or subsidiaries.

Date _____ Present Servicer or Lender _____

ACKNOWLEDGMENT OF MORTGAGE LOAN APPLICANT

I/We have read this disclosure form and understand its contents, as evidenced by my/our signature(s) below. I/We understand that this acknowledgment is a required part of the mortgage loan application.

 12/01/05  7-20-05
Applicant LESLIE BENNETT Date Applicant PAUL DANIEL BENNETT Date

Six-Month LIBOR Adjustable-Rate Mortgage Loan Program Disclosure

Important Mortgage Loan Information

Please read carefully

This disclosure as provided by People's Choice Home Loan, Inc. describes the features of the three Adjustable-Rate Mortgage (ARM) programs you are considering. Information on other ARM programs is available upon request.

HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED:

Your interest rate will be based on the index plus a margin, rounded to the nearest one-eighth of one percentage point (.125%), unless your interest rate "caps" limit the amount of change in the interest rate. Please ask us for our current interest rate and margin.

The index is the average of interbank offered rates for six month U.S. Dollar-denominated deposits in the London market, commonly referred to as the six-month "LIBOR" index, as published on business days in the Money Rates section of The Wall Street Journal. If this index is no longer available a comparable index will be substituted. Your payment will be based on the interest rate, loan balance, and loan term.

Your initial interest rate is not based on the index used to make later adjustments. Ask us for the amount of current interest rate discounts and premiums.

HOW YOUR INTEREST RATE CAN CHANGE:

We offer three ARM loan programs. Your interest rate can change semi-annually after remaining fixed for an initial period of twenty-four (24) months, thirty six (36) months, or sixty (60) months, subject to the following interest rate "caps":

Your interest rate cannot increase more than three percentage points (3.00%) at the first adjustment, and cannot increase or decrease more than one percentage point (1.00%) at any later adjustment.

Your interest rate cannot increase by more than six percentage points (6.00%) over the term of the loan.

Your interest rate will never be less than the initial interest rate for your loan.

HOW YOUR PAYMENT CAN CHANGE:

Your monthly payment can change semi-annually after remaining fixed for an initial period. The initial fixed rate period will be twenty-four (24) months, thirty six (36) months, or sixty (60) months, depending on the ARM loan program you choose.

You will be notified in writing at least twenty-five (25) days, but no more than one hundred twenty (120) days, before the due date of a payment at a new level. This notice will contain information about your interest rates, payment amount and loan balance.

Your monthly payment may increase or decrease substantially depending on changes in the interest rate.

INITIAL AND MAXIMUM INTEREST RATE EXAMPLES:

2/28 ARM Loan Program: Initial Rate Remains Fixed for Twenty-Four (24) Months:

For example, on a \$10,000 thirty-year loan with an initial interest rate of 6.75% (the rate in effect on April 1, 2003 for our most credit worthy borrowers), the maximum amount that the interest rate can rise under this program is six percentage points (6.00%) to 12.75%, and the monthly payment can rise from a first year payment of \$64.86 to a maximum of \$106.65 in the middle of the 4th year.

To see what your payments (excluding escrow payments) would be, divide your mortgage amount by \$10,000; then multiply the loan payment by that amount. (For example, the monthly payment for a mortgage amount of \$60,000 would be \$60,000 divided by \$10,000 = 6; 6 x \$64.86 = \$389.16).

3/27 ARM Loan Program: Initial Rate Remains Fixed for Thirty-Six (36) Months:

For example, on a \$10,000 thirty-year loan with an initial interest rate of 6.99% (the rate in effect on April 1, 2003 for our most credit worthy borrowers), the maximum amount that the interest rate can rise under this program is six percentage points (6.00%) to 12.99%, and the monthly payment can rise from a first year payment of \$66.47 to a maximum of \$107.66 in the middle of the 5th year.

To see what your payments (excluding escrow payments) would be, divide your mortgage amount by \$10,000; then multiply the loan payment by that amount. (For example, the monthly payment for a mortgage amount of \$60,000 would be \$60,000 divided by \$10,000 = 6; 6 x \$66.47 = \$398.82).

5/25 ARM Loan Program: Initial Rate Remains Fixed for Sixty (60) Months:

For example, on a \$10,000 thirty-year loan with an initial interest rate of 7.25% (the rate in effect on April 1, 2003 for our most credit worthy borrowers), the maximum amount that the interest rate can rise under this program is six percentage points (6.00%) to 13.25%, and the monthly payment can rise from a first year payment of \$68.22 to a maximum of \$107.85 in the middle of the 7th year.

To see what your payments (excluding escrow payments) would be, divide your mortgage amount by \$10,000; then multiply the loan payment by that amount. (For example, the monthly payment for a mortgage amount of \$60,000 would be \$60,000 divided by \$10,000 = 6; 6 x \$68.22 = \$409.32).

ACKNOWLEDGMENT

The undersigned acknowledge receipt of a copy of this disclosure and a copy of the Consumer Handbook on Adjustable Rate Mortgages. The undersigned acknowledge that this disclosure does not constitute a rate lock agreement or a commitment to make a loan. If Peoples Choice Home Loan, Inc. makes a loan to us, the note, security instrument and related documents will establish our legal rights and obligations regarding the loan.


LESLIE BENNETT (Date)


PAUL DANIEL BENNETT (Date)

(Date)

(Date)

APPRAISAL DISCLOSURE

10238451

Borrower Name(s):
 LESLIE BENNETT & PAUL DANIEL BENNETT

Lender:
 People's Choice Home Loan, Inc.
 7515 IRVINE CENTER DR.
 IRVINE, CA 92618

Property Address:
 107 AVENIDA SAN DIMAS, SAN CLEMENTE,
 CALIFORNIA 92672

Date:
 07/20/2005

You have the right to a copy of the appraisal report used in connection with your application for credit. If you wish a copy, please write to us at the mailing address we have provided. We must hear from you no later than 90 days after we notify you about the action taken on your credit application or you withdraw your application.

Contact: APPRAISAL DEPARTMENT
Lender/Broker: People's Choice Home Loan, Inc.
Address: 7515 IRVINE CENTER DR.
 IRVINE, CA 92618
Telephone:

In your letter, give us the following information:

Leslie Bennett 7/20/05 *Paul Daniel Bennett* 7-20-05
 Borrower LESLIE BENNETT Date Borrower PAUL DANIEL BENNETT Date

Borrower _____ Date _____ Borrower _____ Date _____

Borrower _____ Date _____ Borrower _____ Date _____

Borrower _____ Date _____ Borrower _____ Date _____

Date: 07/20/2005
Loan No: 10238451

People's Choice Home Loan, Inc.

FEES AND CHARGES FOR YOUR LOAN TRANSACTION

What Fees and Charges Will You Pay?

Your loan transaction will involve a variety of fees and charges. Some of these are charged by the lender, some are charged by your mortgage broker, and some are charged by third parties such as appraisers, credit reporting agencies, closing agents and the like. In some cases, the fees charged by your mortgage broker or lender may include fees charged by the third parties. Fees and charges may be paid directly in cash at or before closing or, in some cases, they may be added to your loan amount (which will increase your loan payments). Please do not hesitate to ask your mortgage broker if you have any questions about any fees or charges.

What is the Role of Your Broker?

Your mortgage broker is your representative and is not an employee of the lender. You should look solely to your mortgage broker for information and advice concerning your loan, the loan terms and any associated fees and costs.

What are points?

One type of fee or charge in your loan transaction is called "points". A point is equal to one percent (1%) of your loan amount. Points are paid to the mortgage broker by you or your lender (or both) to compensate the broker for his services in connection with your loan. Points that you pay to the mortgage broker may be paid directly in cash at or before closing, or they may be added to your loan amount (which will increase your loan payments). The amount you pay will generally be referred to on your Good Faith Estimate and HUD-1 or HUD-1A Settlement Statement as "Mortgage Broker Fee."

In addition, you may pay points or other origination fees directly to the lender. Points that you pay to the lender may be paid directly in cash at or before closing, or they may be added to your loan amount (which will increase your payments). Points to the lender is a means to "buy down" the interest rate; thus, by paying more up front, you can lower the interest rate which is paid over time. The points you pay to the lender will generally be referred to on your Good Faith Estimate and HUD-1 or HUD-1A Settlement Statement as "Loan Origination Fee."

What is a Yield Spread Premium?

Points that the lender pays to the mortgage broker are often called "yield spread premium." Yield spread premiums are generally paid to the broker on loans that carry interest rates higher than those for which the borrower would otherwise qualify. You may choose a higher interest rate than the rate for which you would otherwise qualify. A higher interest rate results in higher monthly payments. However, the amount of the yield spread premium might be used to offset the mortgage broker fee you would otherwise pay to your mortgage broker. Thus, by "buying up" the interest rate you pay over time, you can reduce your up-front costs. The amount the lender pays to the mortgage broker will generally be referred to on your Good Faith Estimate and HUD-1 or HUD-1A Settlement Statement as "Yield Spread Premium."

How Are Your Loan Interest Rate, Points, and Fees Determined?

The interest rate, the amount of points that you pay to the lender and to the mortgage broker, the amount of points that the lender pays to the mortgage broker, the amount of any lender credit to borrower and the amount of other fees and charges that you pay in connection with your loan depend on a variety of factors and market conditions. In most cases, the amounts that you pay for some of these items will affect the amounts you pay for other items. You may be able to negotiate the amount of some or all of these items with your mortgage broker. This is something that you should discuss directly with your mortgage broker.

What Fees and Charges Will Be Disclosed to You?

The amount of points that you pay to the lender and to the mortgage broker, the amount of points that the lender pays to the mortgage broker, the amount of any lender credit to borrower and the amount of other fees and charges that you pay in connection with your loan will be estimated on your Good Faith Estimate form. The final amounts will be disclosed on your HUD-1 or HUD-1A Settlement Statement.

By signing below you acknowledge that you have read and understand this document. You also acknowledge that you have received a copy of this document.

 7/20/05
LESLIE BENNETT Date

 7-20-05
PAUL DANIEL BENNETT Date

Date

Date

Date

Date

Loan No: 10238451

FEDERAL EQUAL CREDIT OPPORTUNITY ACT NOTICE


The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, handicap, familial status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.

The Federal Agency that administers compliance with this law concerning the creditor is:

Federal Trade Commission
Equal Credit Opportunity
Washington, DC 20580
(202) 326-2222

I/We acknowledge that I/we have received a copy of this notice.

 7/20/05
Borrower Date
LESLIE BENNETT

 7-20-05
Borrower Date
PAUL DANIEL BENNETT

Borrower Date

Borrower Date

Borrower Date

Borrower Date



People's Choice

Home Loan, Inc.
The Flexible Lending Solution

Date: 07/20/2005
Loan No: 10238451

PRIVACY POLICY

Keeping your personal and financial information secure is important to People's Choice Home Loan, Inc. ("People's Choice"). Because People's Choice gathers certain types of personal information in the ordinary course of our lending business, it is important that you fully understand the terms and conditions under which we use the information received from you. People's Choice will not share your confidential personal information with anyone except as discussed in this Privacy Policy. People's Choice may change this Privacy Policy, but it will tell you in advance if it does so and will explain any further rights you might have at that time. If you applied jointly for a loan with us, such as with a co-borrower on a mortgage loan, you should share this notice with the person who shares your account. He or she may not get a separate notice.

WE DO NOT SHARE INFORMATION ABOUT YOU WITH ANYONE EXCEPT AS REQUIRED OR PERMITTED BY LAW OR AS NECESSARY TO PROVIDE YOU WITH SERVICES CONNECTED WITH YOUR TRANSACTION WITH PEOPLE'S CHOICE.

What information we collect from you and how we use that information.

People's Choice gathers information that is necessary for us to consider your request for our products and services, such as mortgage loans. This information includes, but is not limited to, name, address, telephone numbers, social security numbers, information about your personal assets and liabilities, tax information and information about your credit history which is obtained from credit reporting agencies. If you obtain services or products from us, it will be necessary for us to share your information with outside service providers as is customary with mortgage loan products. In addition, your information will be provided to non-affiliated third parties in order to service your mortgage loan and upon assignment of your mortgage loan to third parties. Those third parties should also provide you with a copy of their Privacy Policies.

People's Choice may also disclose your information if required to do so by law, including service of legal process, court or administrative orders or as required by other governmental entities.

Protection of Your Personal Information

We are continually working to improve our security standards to protect your personal information. We restrict access to your personal information to those employees who have a need to know your information during the usual course of business during and after your loan transactions with People's Choice.

Relationships With Former Customers

Our relationship will end with you when you pay your loan in full or we sell your loan to another party. At that time, we will continue to treat and protect your personal information in accordance with this Privacy Policy.

People's Choice Home Loan, Inc. Web Site

We do not access information about your identity while you browse our Web Site. When browsing, you remain anonymous to us. Our system will track the pages you visit, the pages you download, the site you came from or to store a password so that you do not have to input it every time you visit our site. In order for our system to perform the preceding, we use "cookie technology". Cookie technology is a small piece of information, which a web site stores on your web browser on your computer and can later retrieve. Cookie technology does not provide us with specific, personally identifying information about you.

Opt Out

In many cases, you have the option of requesting a financial institution to not share your personal information with other parties. This is called "Opting Out". However, because of the nature of your transaction with People's Choice, you do not have the right to opt out. This is because People's Choice does not share your personal information for marketing purposes, but rather only utilizes your personal information with those third parties that will service or purchase your mortgage loan.

Privacy Policy Updates

People's Choice reserves the right to amend this policy at any time. When amendments are made to this policy, we will provide you with a notice of those changes. We will also provide an annual notice of our Privacy Policy for as long as you remain a customer.

Contact Information

To contact People's Choice regarding your personal information or if you have questions about our Privacy Policy, you may contact:

People's Choice Home Loan, Inc.
7515 Irvine Center Drive
Irvine, California 92618
(888) 624-9492

I/We hereby acknowledge that I/We have read and understand People's Choice's Privacy Policy. I/We consent to the release of information to non-affiliated third party servicers and purchasers of our loan.


LESLIE BENNETT Date 7/20/05


PAUL DANIEL BENNETT Date 7-20-05

_____ Date

_____ Date

CALIFORNIA
Insurance Disclosure

Loan Number
10238451

Borrower
LESLIE BENNETT & PAUL DANIEL BENNETT

Property Address
107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672

California Civil Code Section 2955.5(a) states:

"No lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property."

Your acknowledgment below signifies that this written notice was provided to you pursuant to the state statute.

Leslie Bennett 7/20/05

LESLIE BENNETT Date

Paul Daniel Bennett 7-20-05

PAUL DANIEL BENNETT Date

Date

Date

Date

Date

Date

Date

CONSUMER CREDIT SCORE DISCLOSURE

(Pursuant to California Civil Code 1785.20.2)

Date: 07/20/2005

Lender: PEOPLE'S CHOICE HOME LOAN, INC

Borrower(s): LESLIE BENNETT & PAUL DANIEL BENNETT

Property Address: 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672

NOTICE TO THE HOME LOAN APPLICANT

In connection with your application for a home loan, the lender must disclose to you the score that a credit bureau distributed to users and the lender used in connection with your home loan, and the key factors affecting your credit scores.

The credit score is a computer generated summary calculated at the time of the request and based on information a credit bureau or lender has on file. The scores are based on data about your credit history and payment patterns. Credit scores are important because they are used to assist the lender in determining whether you will obtain a loan. They may also be used to determine what interest rate you may be offered on the mortgage. Credit scores can change over time, depending on your conduct, how your credit history and payment patterns change, and how credit scoring technologies change.

Because the score is based on information in your credit history, it is very important that you review the credit-related information that is being furnished to make sure it is accurate. Credit records may vary from one company to another.

If you have questions about your credit score or the credit information that is furnished to you, contact the credit bureau at the address and telephone number provided with this notice, or contact the lender, if the lender developed or generated the credit score. The credit bureau plays no part in the decision to take any action on the loan application and is unable to provide you with specific reasons for the decision on a loan application.

If you have questions concerning the terms of the loan, contact the lender.

Lender Contact Information: 494

LIST OF CREDIT REPORTING AGENCIES

The list contains the name, address, and telephone number of each credit reporting agency providing a credit score that was used by the Lender:

	Borrower 1	Borrower 2	Borrower 3	Borrower 4
Equifax Credit Information Services P.O. Box 740241 Atlanta, GA 30374 1-800-685-1111	BENNETT, LESLIE	BENNETT, PAUL DANIEL		
Scores:	█	█		
TransUnion P.O. Box 1000 Chester, PA 19022 1-800-916-8800				
Scores:	█	█		
Experian P.O. Box 2002 Allen, TX 75013 1-888-397-3742				
Scores:	█	█		

By signing below, the undersigned hereby acknowledge(s) receipt of a copy of this disclosure.

Leslie Bennett 7/20/05
Borrower Date
LESLIE BENNETT

Paul Daniel Bennett 7-20-05
Borrower Date
PAUL DANIEL BENNETT

Borrower Date

Borrower Date

Borrower Date

Borrower Date

Lender: People's Choice Home Loan, Inc.

Loan Number: 10238451

Borrowers: LESLIE BENNETT & PAUL DANIEL BENNETT

Property Address: 107 AVENIDA SAN DIMAS, SAN CLEMENTE,

CALIFORNIA PER DIEM INTEREST DISCLOSURE

In this disclosure, the terms "I," "me" and "my" mean the above-named borrower(s), and the terms "you" and "your" mean the above-named Lender licensed under the California Residential Mortgage Lender Act.

I understand and acknowledge that pursuant to California Civil Code Section 2948.5:

You may not commence to accrue, and I will not be required to pay, per diem interest on my loan on a day that is more than one (1) day prior to the date that the loan proceeds are disbursed from escrow or, if no escrow, more than one (1) day prior to the date the loan proceeds are disbursed to me, to a third party on my behalf, or to satisfy my existing obligation.

Notwithstanding the foregoing, I may request that you arrange for loan disbursement on a Monday or on a day immediately following a bank holiday.

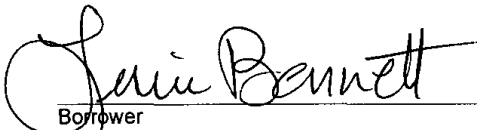
If you agree to my request to arrange for loan disbursement on a Monday or on a day immediately following a bank holiday, then

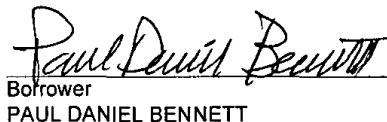
- (i) per diem interest will commence to accrue on the business day immediately preceding the day of disbursement;
- (ii) I will be required to pay additional per diem interest charges as a result; and
- (iii) It may be possible to avoid the additional per diem charge by disbursing the loan proceeds on a day immediately following a business day.

My Choice is indicated below:

- Please arrange for loan disbursement on a day immediately following a business day.
- Please arrange for loan disbursement on _____, a date that is either a Monday or on a day immediately following a bank holiday. I understand that I will be charged, and I agree to pay, additional per diem interest for _____ days at \$161.85 per day, for a total additional interest charge of \$ _____. I also understand that it may be possible to avoid this additional per diem interest charge by disbursing the loan proceeds on a day immediately following a business day.

By signing below, I acknowledge that I have received, read and understand this disclosure. This disclosure is neither a contract nor a commitment to lend.


Borrower
LESLIE BENNETT


Borrower
PAUL DANIEL BENNETT

Borrower

Borrower

Borrower

Borrower

THE HOUSING FINANCIAL DISCRIMINATION ACT OF 1977

FAIR LENDING NOTICE

IT IS ILLEGAL TO DISCRIMINATE IN THE PROVISION OF OR IN THE AVAILABILITY OF FINANCIAL ASSISTANCE BECAUSE OF THE CONSIDERATION OF:

1. TRENDS, CHARACTERISTICS OR CONDITIONS IN THE NEIGHBORHOOD OR GEOGRAPHIC AREA SURROUNDING A HOUSING ACCOMMODATION, UNLESS THE FINANCIAL INSTITUTION CAN DEMONSTRATE IN THE PARTICULAR CASE THAT SUCH CONSIDERATION IS REQUIRED TO AVOID AN UNSAFE AND UNSOUND BUSINESS PRACTICE; OR
2. RACE, COLOR, RELIGION, SEX, MARITAL STATUS, NATIONAL ORIGIN OR ANCESTRY.

IT IS ILLEGAL TO CONSIDER THE RACIAL, ETHNIC, RELIGIOUS OR NATIONAL ORIGIN COMPOSITION OF A NEIGHBORHOOD OR GEOGRAPHIC AREA SURROUNDING A HOUSING ACCOMMODATION OR WHETHER OR NOT SUCH COMPOSITION IS UNDERGOING CHANGE, OR IS EXPECTED TO UNDERGO CHANGE, IN APPRAISING A HOUSING ACCOMMODATION OR IN DETERMINING WHETHER OR NOT, OR UNDER WHAT TERMS AND CONDITIONS, TO PROVIDE FINANCIAL ASSISTANCE.

THESE PROVISIONS GOVERN FINANCIAL ASSISTANCE FOR THE PURPOSE OF THE PURCHASE, CONSTRUCTION, REHABILITATION OR REFINANCING OF ONE TO FOUR UNIT FAMILY RESIDENCES OCCUPIED BY THE OWNER AND FOR THE PURPOSE OF THE HOME IMPROVEMENT OF ANY ONE TO FOUR UNIT FAMILY RESIDENCE.

IF YOU HAVE ANY QUESTIONS ABOUT YOUR RIGHTS, OR IF YOU WISH TO FILE A COMPLAINT, CONTACT THE MANAGEMENT OF THIS FINANCIAL INSTITUTION OR:

CALIFORNIA DEPARTMENT OF CORPORATIONS 320 W.4TH STREET SUITE 750 LOS ANGELES, CA 90013-1105

EQUAL CREDIT OPPORTUNITY ACT

EQUAL CREDIT OPPORTUNITY ACT - The Federal Equal Credit Opportunity Act prohibits discrimination against credit applicants on the basis of sex, marital status, race, color, religion, national origin, age (provided the applicant has the capacity to contract), whether all or part of the applicant's income is derived from any public assistance program, or if the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal Agency which administers compliance with this law concerning this lender is the Federal Trade Commission EQUAL CREDIT OPPORTUNITY, Room 4037, Washington, DC 20580

ACKNOWLEDGMENT OF RECEIPT

I/We have received a copy of this notice.

Leslie Bennett 7/20/05 *Paul Daniel Bennett* 7-20-05
 Borrower LESLIE BENNETT Date Borrower PAUL DANIEL BENNETT Date

Borrower _____ Date _____ Borrower _____ Date _____

Borrower _____ Date _____ Borrower _____ Date _____

Borrower _____ Date _____ Borrower _____ Date _____

People's Choice Home Loan, Inc.

INITIAL DISCLOSURE COVER LETTER

Re: LESLIE BENNETT
PAUL BENNETT
107 AVENIDA SAN DIMAS
SAN CLEMENTE, CA 92672

Date: 07/14/2005
Loan Number: 10238451

Thank you for your recent loan application.

We enclose the following consumer credit disclosures and notices for your credit request:

1. Truth In Lending Disclosure
2. Good Faith Estimate
3. Notice Regarding Required use of Settlement
4. RESPA Transfer of Servicing Disclosure
5. Appraisal Disclosure
6. Fees and Charges for your loan
7. Privacy Policy
8. ARM Program Disclosure
9. Fair Lending Notice
10. Hazard Insurance Disclosure
11. CA Consumer Credit Score Disclosure

In addition, we enclose the HUD Settlement Costs handbook and, if applicable, a handbook which explains the features of your adjustable rate mortgage (see CHARM Handbook)

These disclosures and notices have been prepared based on preliminary information you and your mortgage broker (if applicable) have provided to us. We will provide you with final disclosures and notices prior to loan closing.

Once we have received all required documents and information, we will make a good faith effort to process your mortgage loan application and to issue a final conditional approval as quickly as possible. Certain circumstances or events unknown to us at this time may cause us delays in processing your mortgage loan application.

Please Sign the acknowledgment below as well as a copy of the Servicing Disclosure Statement to evidence that you have received the enclosed disclosures and notices, and return both signed forms to us. This is neither a contract nor a commitment to lend. Thank you.

ACKNOWLEDGMENT

The undersigned hereby acknowledges receipt of the disclosures and notices listed above.

LESLIE BENNETT

(Date)

PAUL BENNETT

(Date)

(Date)

(Date)

(Date)

(Date)

THE HOUSING FINANCIAL DISCRIMINATION ACT OF 1977

FAIR LENDING NOTICE

IT IS ILLEGAL TO DISCRIMINATE IN THE PROVISION OF OR IN THE AVAILABILITY OF FINANCIAL ASSISTANCE BECAUSE OF THE CONSIDERATION OF:

1. TRENDS, CHARACTERISTICS OR CONDITIONS IN THE NEIGHBORHOOD OR GEOGRAPHIC AREA SURROUNDING A HOUSING ACCOMMODATION, UNLESS THE FINANCIAL INSTITUTION CAN DEMONSTRATE IN THE PARTICULAR CASE THAT SUCH CONSIDERATION IS REQUIRED TO AVOID AN UNSAFE AND UNSOUND BUSINESS PRACTICE; OR
2. RACE, COLOR, RELIGION, SEX, MARITAL STATUS, NATIONAL ORIGIN OR ANCESTRY.

IT IS ILLEGAL TO CONSIDER THE RACIAL, ETHNIC, RELIGIOUS OR NATIONAL ORIGIN COMPOSITION OF A NEIGHBORHOOD OR GEOGRAPHIC AREA SURROUNDING A HOUSING ACCOMMODATION OR WHETHER OR NOT SUCH COMPOSITION IS UNDERGOING CHANGE, OR IS EXPECTED TO UNDERGO CHANGE, IN APPRAISING A HOUSING ACCOMMODATION OR IN DETERMINING WHETHER OR NOT, OR UNDER WHAT TERMS AND CONDITIONS, TO PROVIDE FINANCIAL ASSISTANCE.

THESE PROVISIONS GOVERN FINANCIAL ASSISTANCE FOR THE PURPOSE OF THE PURCHASE, CONSTRUCTION, REHABILITATION OR REFINANCING OF ONE TO FOUR UNIT FAMILY RESIDENCES OCCUPIED BY THE OWNER AND FOR THE PURPOSE OF THE HOME IMPROVEMENT OF ANY ONE TO FOUR UNIT FAMILY RESIDENCE.

IF YOU HAVE ANY QUESTIONS ABOUT YOUR RIGHTS, OR IF YOU WISH TO FILE A COMPLAINT, CONTACT THE MANAGEMENT OF THIS FINANCIAL INSTITUTION OR:

CALIFORNIA DEPARTMENT OF CORPORATIONS 320 W. 4TH STREET SUITE 750 LOS ANGELES, CA
90013-1105

EQUAL CREDIT OPPORTUNITY ACT

EQUAL CREDIT OPPORTUNITY ACT - The Federal Equal Credit Opportunity Act prohibits discrimination against credit applicants on the basis of sex, marital status, race, color, religion, national origin, age (provided the applicant has the capacity to contract), whether all or part of the applicant's income is derived from any public assistance program, or if the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal Agency which administers compliance with this law concerning this lender is the Federal Trade Commission
EQUAL CREDIT OPPORTUNITY, Room 4037, Washington, DC 20580

ACKNOWLEDGMENT OF RECEIPT

I/We have received a copy of this notice.

Borrower LESLIE BENNETT Date _____ Borrower PAUL BENNETT Date _____

Borrower _____ Date _____ Borrower _____ Date _____

Borrower _____ Date _____ Borrower _____ Date _____

Borrower _____ Date _____ Borrower _____ Date _____

CALIFORNIA
Insurance Disclosure

Loan Number
10238451

Borrower
LESLIE BENNETT & PAUL BENNETT

Property Address
107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672

California Civil Code Section 2955.5(a) states:

"No lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property."

Your acknowledgment below signifies that this written notice was provided to you pursuant to the state statute.

LESLIE BENNETT Date

PAUL BENNETT Date

Date

Date

Date

Date

Date

Date

CONSUMER CREDIT SCORE DISCLOSURE

(Pursuant to California Civil Code 1785.20.2)

Date:

Lender: PEOPLE'S CHOICE HOME LOAN, INC

Borrower(s): LESLIE BENNETT & PAUL BENNETT

Property Address: 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672

NOTICE TO THE HOME LOAN APPLICANT

In connection with your application for a home loan, the lender must disclose to you the score that a credit bureau distributed to users and the lender used in connection with your home loan, and the key factors affecting your credit scores.

The credit score is a computer generated summary calculated at the time of the request and based on information a credit bureau or lender has on file. The scores are based on data about your credit history and payment patterns. Credit scores are important because they are used to assist the lender in determining whether you will obtain a loan. They may also be used to determine what interest rate you may be offered on the mortgage. Credit scores can change over time, depending on your conduct, how your credit history and payment patterns change, and how credit scoring technologies change.

Because the score is based on information in your credit history, it is very important that you review the credit-related information that is being furnished to make sure it is accurate. Credit records may vary from one company to another.

If you have questions about your credit score or the credit information that is furnished to you, contact the credit bureau at the address and telephone number provided with this notice, or contact the lender, if the lender developed or generated the credit score. The credit bureau plays no part in the decision to take any action on the loan application and is unable to provide you with specific reasons for the decision on a loan application.

If you have questions concerning the terms of the loan, contact the lender.

Lender Contact Information: 494

LIST OF CREDIT REPORTING AGENCIES

The list contains the name, address, and telephone number of each credit reporting agency providing a credit score that was used by the Lender:

	Borrower 1	Borrower 2	Borrower 3	Borrower 4
Equifax Credit Information Services P.O. Box 740241 Atlanta, GA 30374 1-800-685-1111	BENNETT, LESLIE	BENNETT, PAUL		
Scores:	█	█		
TransUnion P.O. Box 1000 Chester, PA 19022 1-800-916-8800				
Scores:	█	█		
Experian P.O. Box 2002 Allen, TX 75013 1-888-397-3742				
Scores:	█	█		

By signing below, the undersigned hereby acknowledge(s) receipt of a copy of this disclosure.

Borrower _____ Date _____
LESLIE BENNETT

Borrower _____ Date _____
PAUL BENNETT

Borrower _____ Date _____

Borrower _____ Date _____

Borrower _____ Date _____

Borrower _____ Date _____

APPRAISAL DISCLOSURE

10238451

Borrower Name(s): LESLIE BENNETT & PAUL BENNETT	Lender: People's Choice Home Loan, Inc. 7515 IRVINE CENTER DR. IRVINE, CA 92618
--	--

Property Address: 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672	Date:
---	-------

You have the right to a copy of the appraisal report used in connection with your application for credit. If you wish a copy, please write to us at the mailing address we have provided. We must hear from you no later than 90 days after we notify you about the action taken on your credit application or you withdraw your application.

Contact: APPRAISAL DEPARTMENT
 Lender/Broker: People's Choice Home Loan, Inc.
 Address: 7515 IRVINE CENTER DR.
IRVINE, CA 92618

Telephone: _____

In your letter, give us the following information:

Borrower <u>LESLIE BENNETT</u>	Date	Borrower <u>PAUL BENNETT</u>	Date
Borrower	Date	Borrower	Date
Borrower	Date	Borrower	Date
Borrower	Date	Borrower	Date

Six-Month LIBOR Adjustable-Rate Mortgage Loan Program Disclosure

Important Mortgage Loan Information

Please read carefully

This disclosure as provided by People's Choice Home Loan, Inc. describes the features of the three Adjustable-Rate Mortgage (ARM) programs you are considering. Information on other ARM programs is available upon request.

HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED:

Your interest rate will be based on the index plus a margin, rounded to the nearest one-eighth of one percentage point (.125%), unless your interest rate "caps" limit the amount of change in the interest rate. Please ask us for our current interest rate and margin.

The index is the average of interbank offered rates for six month U.S. Dollar-denominated deposits in the London market, commonly referred to as the six-month "LIBOR" index, as published on business days in the Money Rates section of The Wall Street Journal. If this index is no longer available a comparable index will be substituted.

Your payment will be based on the interest rate, loan balance, and loan term.

Your initial interest rate is not based on the index used to make later adjustments. Ask us for the amount of current interest rate discounts and premiums.

HOW YOUR INTEREST RATE CAN CHANGE:

We offer three ARM loan programs. Your interest rate can change semi-annually after remaining fixed for an initial period of twenty-four (24) months, thirty six (36) months, or sixty (60) months, subject to the following interest rate "caps":

Your interest rate cannot increase more than three percentage points (3.00%) at the first adjustment, and cannot increase or decrease more than one percentage point (1.00%) at any later adjustment.

Your interest rate cannot increase by more than six percentage points (6.00%) over the term of the loan.

Your interest rate will never be less than the initial interest rate for your loan.

HOW YOUR PAYMENT CAN CHANGE:

Your monthly payment can change semi-annually after remaining fixed for an initial period. The initial fixed rate period will be twenty-four (24) months, thirty six (36) months, or sixty (60) months, depending on the ARM loan program you choose.

You will be notified in writing at least twenty-five (25) days, but no more than one hundred twenty (120) days, before the due date of a payment at a new level. This notice will contain information about your interest rates, payment amount and loan balance.

Your monthly payment may increase or decrease substantially depending on changes in the interest rate.

INITIAL AND MAXIMUM INTEREST RATE EXAMPLES:

2/28 ARM Loan Program: Initial Rate Remains Fixed for Twenty-Four (24) Months:

For example, on a \$10,000 thirty-year loan with an initial interest rate of 6.75% (the rate in effect on April 1, 2003 for our most credit worthy borrowers), the maximum amount that the interest rate can rise under this program is six percentage points (6.00%) to 12.75%, and the monthly payment can rise from a first year payment of \$64.86 to a maximum of \$106.65 in the middle of the 4th year.

To see what your payments (excluding escrow payments) would be, divide your mortgage amount by \$10,000; then multiply the loan payment by that amount. (For example, the monthly payment for a mortgage amount of \$60,000 would be \$60,000 divided by \$10,000 = 6; 6 x \$64.86 = \$389.16).

3/27 ARM Loan Program: Initial Rate Remains Fixed for Thirty-Six (36) Months:

For example, on a \$10,000 thirty-year loan with an initial interest rate of 6.99% (the rate in effect on April 1, 2003 for our most credit worthy borrowers), the maximum amount that the interest rate can rise under this program is six percentage points (6.00%) to 12.99%, and the monthly payment can rise from a first year payment of \$66.47 to a maximum of \$107.66 in the middle of the 5th year.

To see what your payments (excluding escrow payments) would be, divide your mortgage amount by \$10,000; then multiply the loan payment by that amount. (For example, the monthly payment for a mortgage amount of \$60,000 would be \$60,000 divided by \$10,000 = 6; 6 x \$66.47 = \$398.82).

5/25 ARM Loan Program: Initial Rate Remains Fixed for Sixty (60) Months:

For example, on a \$10,000 thirty-year loan with an initial interest rate of 7.25% (the rate in effect on April 1, 2003 for our most credit worthy borrowers), the maximum amount that the interest rate can rise under this program is six percentage points (6.00%) to 13.25%, and the monthly payment can rise from a first year payment of \$68.22 to a maximum of \$107.85 in the middle of the 7th year.

To see what your payments (excluding escrow payments) would be, divide your mortgage amount by \$10,000; then multiply the loan payment by that amount. (For example, the monthly payment for a mortgage amount of \$60,000 would be \$60,000 divided by \$10,000 = 6; 6 x \$68.22 = \$409.32).

ACKNOWLEDGMENT

The undersigned acknowledge receipt of a copy of this disclosure and a copy of the Consumer Handbook on Adjustable Rate Mortgages. The undersigned acknowledge that this disclosure does not constitute a rate lock agreement or a commitment to make a loan. If Peoples Choice Home Loan, Inc. makes a loan to us, the note, security instrument and related documents will establish our legal rights and obligations regarding the loan.

LESLIE BENNETT (Date)

PAUL BENNETT (Date)

(Date)

(Date)

GOOD FAITH ESTIMATE - RESPA

LENDER: People's Choice Home Loan, Inc.
 ADDRESS: 7515 IRVINE CENTER DR., IRVINE, CA 92618

Date
 Prepared: 07/14/2005
 Sales price: 0.00

APPLICANT(S): LESLIE BENNETT & PAUL BENNETT

PROPERTY: 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA FHA VA FmHA CONV.
 ADDRESS: 92672
 LOAN AMOUNT 690,000.00 INTEREST RATE 9.990

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 - the 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 or HUD-1A settlement statement that you will be receiving at settlement. The HUD-1 or HUD-1A settlement statement will show you the actual cost for items paid at settlement.

LINE NUMBERS FROM HUD-1 OR HUD-1A FORM	DESCRIPTION OF CHARGES	(POC)	ESTIMATED AMOUNT
801	Origination Fee		\$ 0.00
802	Loan Discount Fee		\$ 0.00
803	Appraisal Fee		\$ 350.00
804	Credit Report		\$ 0.00
805	Lender's Inspection Fee		\$ 0.00
806	Mortgage Insurance App Fee		\$ 0.00
807	Assumption Fee		\$ 0.00
808	Administration Fee		\$ 0.00
809	Broker Fee		\$ 6,900.00
810	Courier/Messenger Fee		\$ 0.00
811	Yield Spread Premium	6,900.00	\$ 0.00
812			\$ 0.00
813	Underwriting Fee		\$ 485.00
814	Application Fee		\$ 0.00
815	Tax Service Fee		\$ 70.00
816	Flood Determination Fee		\$ 13.00
817	Appraisal Review Fee		\$ 210.00
818	Processing Fee		\$ 500.00
819	Funding Fee		\$ 300.00
820			\$ 0.00
821	Refund Interest		\$ 0.00
822	Discount/Premium		\$ 0.00
823	Review Fee		\$ 0.00
901	Prepaid Interest		\$ 0.00
902	Mortgage Insurance Premium		\$ 0.00
903	Hazard Insurance Premium		\$ 0.00
1101	Settlement/Escrow/Closing Fee		\$ 350.00
1102	Abstract or Title Search		\$ 0.00
1103	Title Examination		\$ 0.00
1104	Title Insurance Binder		\$ 0.00
1105	Document Preparation		\$ 0.00
1106	Notary Fee		\$ 0.00
1107	Attorney's Fees		\$ 0.00
1108	Title Insurance		\$ 0.00
1111	Payoff Debt Fee		\$ 0.00
1112	Sub Escrow Fee		\$ 0.00
1201	Recording Fees		\$ 60.00
1202	City/County Tax/Stamps		\$ 0.00
1203	State Tax/Stamps		\$ 0.00
1301	Survey		\$ 0.00
TOTAL EST. CHARGES			\$ 9,238.00

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, entitled "Settlement Costs," which has been 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.

- This Good Faith Estimate is being provided by _____, a mortgage broker, and no lender has been obtained.
- Use of a particular provider of service is required and the estimate is based on charges of the provider. Please see attached Addendum.

The Undersigned acknowledges receipt of this Good Faith Estimate of Charges, and if applicable, the HUD Special Information Booklet, "Settlement Costs," and the "Consumer Handbook on ARM Mortgages."

APPLICANT LESLIE BENNETT	DATE	APPLICANT PAUL BENNETT	DATE
APPLICANT	DATE	APPLICANT	DATE

"S" designates those costs to be paid by Seller.

EXHIBIT B
Page 369

Application Number: 10238451
Date:

**NOTICE REGARDING REQUIRED USE OF
SETTLEMENT SERVICE PROVIDERS**

If People's Choice Home Loan, Inc. ("we" or "us") makes a loan to you, we will require you to use the following settlement service providers; if a fee or charge for a settlement service is disclosed on the enclosed Itemization of Amount Financed, you will be required to pay for that settlement service. The estimated fees or charges (or range of fees and charges) disclosed on the Itemization of Amount Financed are based on the fees and charges of the designated provider.

CREDIT REPORTING:

LENDER'S CREDIT INFO ONE
20929 VENTURA BLVD., SUITE 203
WOODLAND HILLS, CA 91364-2334

TAX REPORTING SERVICES:

FNIS REAL ESTATE TAX SERVICES
222 E. HUNTINGTON DRIVE, SUITE 200
MONROVIA, CA 91016

FLOOD CERTIFICATION VENDOR:

FNIS FLOOD SERVICES
1521 N. COOPER STREET, FOURTH FLOOR
ARLINGTON, TX 76011

TITLE INSURANCE: you may select a particular title insurance company to provide us with a policy of title insurance from a lender-approved list. The name of the specific title insurance company selected to provide us with a policy of title insurance and the cost of the title policy will be provided to you prior to loan closing.

CLOSING SERVICES PROVIDER: you may select an escrow agent, settlement agent, closing agent or attorney from a lender-approved list. The name of the specific escrow agent, settlement agent, closing agent or attorney selected to provide closing services and the cost of the closing services will be provided to you prior to loan closing.

APPRAISER: you may select an appraiser from a lender-approved list. The name of the specific appraiser selected to perform the appraisal and the cost of the appraisal will be provided to you prior to loan closing.

Although within the past year we have repeatedly required borrowers to use the above listed settlement service providers, none of these providers is an associate of ours, nor has any such provider maintained an account or had an outstanding loan or credit arrangements with us.

ACKNOWLEDGMENT

The undersigned hereby acknowledge(s) receipt of this notice.

Applicant Date
LESLIE BENNETT

Applicant Date
PAUL BENNETT

Applicant Date

Applicant Date

Applicant Date

Applicant Date



People's Choice

Home Loan, Inc.
The Flexible Lending Solution

Date:
Loan No: 10238451

PRIVACY POLICY

Keeping your personal and financial information secure is important to People's Choice Home Loan, Inc. ("People's Choice"). Because People's Choice gathers certain types of personal information in the ordinary course of our lending business, it is important that you fully understand the terms and conditions under which we use the information received from you. People's Choice will not share your confidential personal information with anyone except as discussed in this Privacy Policy. People's Choice may change this Privacy Policy, but it will tell you in advance if it does so and will explain any further rights you might have at that time. If you applied jointly for a loan with us, such as with a co-borrower on a mortgage loan, you should share this notice with the person who shares your account. He or she may not get a separate notice.

WE DO NOT SHARE INFORMATION ABOUT YOU WITH ANYONE EXCEPT AS REQUIRED OR PERMITTED BY LAW OR AS NECESSARY TO PROVIDE YOU WITH SERVICES CONNECTED WITH YOUR TRANSACTION WITH PEOPLE'S CHOICE.

What information we collect from you and how we use that information.

People's Choice gathers information that is necessary for us to consider your request for our products and services, such as mortgage loans. This information includes, but is not limited to, name, address, telephone numbers, social security numbers, information about your personal assets and liabilities, tax information and information about your credit history which is obtained from credit reporting agencies. If you obtain services or products from us, it will be necessary for us to share your information with outside service providers as is customary with mortgage loan products. In addition, your information will be provided to non-affiliated third parties in order to service your mortgage loan and upon assignment of your mortgage loan to third parties. Those third parties should also provide you with a copy of their Privacy Policies.

People's Choice may also disclose your information if required to do so by law, including service of legal process, court or administrative orders or as required by other governmental entities.

Protection of Your Personal Information

We are continually working to improve our security standards to protect your personal information. We restrict access to your personal information to those employees who have a need to know your information during the usual course of business during and after your loan transactions with People's Choice.

Relationships With Former Customers

Our relationship will end with you when you pay your loan in full or we sell your loan to another party. At that time, we will continue to treat and protect your personal information in accordance with this Privacy Policy.

People's Choice Home Loan, Inc. Web Site

We do not access information about your identity while you browse our Web Site. When browsing, you remain anonymous to us. Our system will track the pages you visit, the pages you download, the site you came from or to store a password so that you do not have to input it every time you visit our site. In order for our system to perform the preceding, we use "cookie technology". Cookie technology is a small piece of information, which a web site stores on your web browser on your computer and can later retrieve. Cookie technology does not provide us with specific, personally identifying information about you.

Opt Out

In many cases, you have the option of requesting a financial institution to not share your personal information with other parties. This is called "Opting Out". However, because of the nature of your transaction with People's Choice, you do not have the right to opt out. This is because People's Choice does not share your personal information for marketing purposes, but rather only utilizes your personal information with those third parties that will service or purchase your mortgage loan.

Privacy Policy Updates

People's Choice reserves the right to amend this policy at any time. When amendments are made to this policy, we will provide you with a notice of those changes. We will also provide an annual notice of our Privacy Policy for as long as you remain a customer.

Contact Information

To contact People's Choice regarding your personal information or if you have questions about our Privacy Policy, you may contact:

People's Choice Home Loan, Inc.
7515 Irvine Center Drive
Irvine, California 92618
(888) 624-9492

I/We hereby acknowledge that I/We have read and understand People's Choice's Privacy Policy. I/We consent to the release of information to non-affiliated third party servicers and purchasers of our loan.

LESLIE BENNETT Date

PAUL BENNETT Date

Date

Deso Exhibit B (part 3) Page 77 of 82
RESPA SERVICING DISCLOSURE

Lender: PEOPLE'S CHOICE HOME LOAN, INC.
7515 IRVINE CENTER DR.
IRVINE, CA 92618

NOTICE TO FIRST LIEN MORTGAGE LOAN APPLICANTS: THE RIGHT TO COLLECT YOUR MORTGAGE LOAN PAYMENTS MAY BE TRANSFERRED. FEDERAL LAW GIVES YOU CERTAIN RELATED RIGHTS. IF YOUR LOAN IS MADE, SAVE THIS STATEMENT WITH YOUR LOAN DOCUMENTS. SIGN THE ACKNOWLEDGMENT AT THE END OF THIS STATEMENT ONLY IF YOU UNDERSTAND ITS CONTENTS.

Because you are applying for a mortgage loan covered by the Real Estate Settlement Procedures Act (RESPA) (12 U.S.C. Section 2601 et seq.) you have certain rights under that Federal law.

This statement tells you about those rights. It also tells you what the chances are that the servicing for this loan may be transferred to a different loan servicer. "Servicing" refers to collecting your principal, interest and escrow account payments, if any. If your loan servicer changes, there are certain procedures that must be followed. This statement generally explains those procedures.

Transfer Practices and Requirements

If the servicing of your loan is assigned, sold, or transferred to a new servicer, you must be given written notice of that transfer. The present loan servicer must send you notice in writing of the assignment, sale or transfer of the servicing not less than 15 days before the effective date of the transfer. The new loan servicer must also send you notice within 15 days after the effective date of the transfer. The present servicer and the new servicer may combine this information in one notice, so long as the notice is sent to you 15 days before the effective date of transfer. The 15 day period is not applicable if a notice of prospective transfer is provided to you at settlement. The law allows a delay in the time (not more than 30 days after a transfer) for servicers to notify you, upon the occurrence of certain business emergencies.

Notices must contain certain information. They must contain the effective date of the transfer of the servicing of your loan to the new servicer, and the name, address, and toll-free or collect call telephone number of the new servicer, and toll-free or collect call telephone numbers of a person or department for both your present servicer and your new servicer to answer your questions. During the 60-day period following the effective date of the transfer of the loan servicing, a loan payment received by your old servicer before its due date may not be treated by the new loan servicer as late, and a late fee may not be imposed on you.

Complaint Resolution

Section 6 of RESPA (12 U.S.C. Section 2605) gives you certain consumer rights, *whether or not your loan servicing is transferred*. If you send a qualified written request to your servicer, your servicer must provide you with a written acknowledgment within 20 Business Days of receipt of your request. A "qualified written request" is a written correspondence, other than notice on a payment coupon or other payment medium supplied by the servicer, which includes your name and account number, and the information regarding your request. Not later than 60 Business Days after receiving your request, your servicer must make any appropriate corrections to your account, or must provide you with a written clarification regarding any dispute. During this 60-Business Day period, your servicer may not provide information to a consumer reporting agency concerning any overdue payment related to such period or qualified written request.

A Business Day is any day in which the offices of the business entity are open to the public for carrying on substantially all of its business functions.

Damages and Costs

Section 6 of RESPA also provides for damages and costs for individuals or classes of individuals in circumstances where servicers are shown to have violated the requirements of that Section.

Servicing Transfer Estimates

- The following is the best estimate of what will happen to the servicing of your mortgage loan:
 - We may assign, sell or transfer the servicing of your loan while the loan is outstanding. We are able to service your loan and we will will not haven't decided whether to service your loan.
 - OR
 - We do not service mortgage loans, and we have not serviced mortgage loans in the past three years.
 - We presently intend to assign, sell or transfer the servicing of your mortgage loan. You will be informed about your servicer.
 - We assign, sell or transfer the servicing of some of our loans while the loan is outstanding depending on the type of loan and other factors. For the program you have applied for, we expect to:
 - sell all of the mortgage servicing retain all of the mortgage servicing
 - assign, sell or transfer 0.000 % of the mortgage servicing
- For all the first lien mortgage loans that we make in the 12-month period after your mortgage loan is funded, we estimate that the percentage of mortgage loans for which we will transfer servicing is between:

[0 to 25%] or [NONE] 26 to 50% 51 to 75% [76 to 100%] or [ALL]

This estimate does does not include assignments, sales or transfers to affiliates or subsidiaries. This is only our best estimate and it is not binding. Business conditions or other circumstances may affect our future transferring decisions.

- We have previously assigned, sold or transferred the servicing of federally related mortgage loans.
 - OR
 - This is our record of transferring the servicing of the first lien mortgage loans we have made in the past:

Year	Percentage of Loans Transferred	(Rounded to nearest quartile - 0%, 25%, 50%, 75%, or 100%)
2002	100.000	%
2003	100.000	%
2004	100.000	%

This information does does not include assignments, sales or transfers to affiliates or subsidiaries.

Date _____ Present Servicer or Lender _____

ACKNOWLEDGMENT OF MORTGAGE LOAN APPLICANT
I/We have read this disclosure form and understand its contents, as evidenced by my/our signature(s) below.
I/We understand that this acknowledgment is a required part of the mortgage loan application.

Applicant LESLIE BENNETT Date _____ Applicant PAUL BENNETT Date _____

Applicant _____ and Applicant _____ Date _____

Desc Exhibit B (part 3) Page 78 of 82
RESPA SERVICING DISCLOSURE

Lender: PEOPLE'S CHOICE HOME LOAN, INC.
7515 IRVINE CENTER DR.
IRVINE, CA 92618

NOTICE TO FIRST LIEN MORTGAGE LOAN APPLICANTS: THE RIGHT TO COLLECT YOUR MORTGAGE LOAN PAYMENTS MAY BE TRANSFERRED. FEDERAL LAW GIVES YOU CERTAIN RELATED RIGHTS. IF YOUR LOAN IS MADE, SAVE THIS STATEMENT WITH YOUR LOAN DOCUMENTS. SIGN THE ACKNOWLEDGMENT AT THE END OF THIS STATEMENT ONLY IF YOU UNDERSTAND ITS CONTENTS.

Because you are applying for a mortgage loan covered by the Real Estate Settlement Procedures Act (RESPA) (12 U.S.C. Section 2601 et seq.) you have certain rights under that Federal law.

This statement tells you about those rights. It also tells you what the chances are that the servicing for this loan may be transferred to a different loan servicer. "Servicing" refers to collecting your principal, interest and escrow account payments, if any. If your loan servicer changes, there are certain procedures that must be followed. This statement generally explains those procedures.

Transfer Practices and Requirements

If the servicing of your loan is assigned, sold, or transferred to a new servicer, you must be given written notice of that transfer. The present loan servicer must send you notice in writing of the assignment, sale or transfer of the servicing not less than 15 days before the effective date of the transfer. The new loan servicer must also send you notice within 15 days after the effective date of the transfer. The present servicer and the new servicer may combine this information in one notice, so long as the notice is sent to you 15 days before the effective date of transfer. The 15 day period is not applicable if a notice of prospective transfer is provided to you at settlement. The law allows a delay in the time (not more than 30 days after a transfer) for servicers to notify you, upon the occurrence of certain business emergencies.

Notices must contain certain information. They must contain the effective date of the transfer of the servicing of your loan to the new servicer, and the name, address, and toll-free or collect call telephone number of the new servicer, and toll-free or collect call telephone numbers of a person or department for both your present servicer and your new servicer to answer your questions. During the 60-day period following the effective date of the transfer of the loan servicing, a loan payment received by your old servicer before its due date may not be treated by the new loan servicer as late, and a late fee may not be imposed on you.

Complaint Resolution

Section 6 of RESPA (12 U.S.C. Section 2605) gives you certain consumer rights, *whether or not your loan servicing is transferred*. If you send a qualified written request to your servicer, your servicer must provide you with a written acknowledgment within 20 Business Days of receipt of your request. A "qualified written request" is a written correspondence, other than notice on a payment coupon or other payment medium supplied by the servicer, which includes your name and account number, and the information regarding your request. Not later than 60 Business Days after receiving your request, your servicer must make any appropriate corrections to your account, or must provide you with a written clarification regarding any dispute. During this 60-Business Day period, your servicer may not provide information to a consumer reporting agency concerning any overdue payment related to such period or qualified written request.

A Business Day is any day in which the offices of the business entity are open to the public for carrying on substantially all of its business functions.

Damages and Costs

Section 6 of RESPA also provides for damages and costs for individuals or classes of individuals in circumstances where servicers are shown to have violated the requirements of that Section.

Servicing Transfer Estimates

- The following is the best estimate of what will happen to the servicing of your mortgage loan:
 - We may assign, sell or transfer the servicing of your loan while the loan is outstanding. We are able to service your loan and we will will not haven't decided whether to service your loan.
 - OR
 - We do not service mortgage loans, and we have not serviced mortgage loans in the past three years.
 - We presently intend to assign, sell or transfer the servicing of your mortgage loan. You will be informed about your servicer.
 - We assign, sell or transfer the servicing of some of our loans while the loan is outstanding depending on the type of loan and other factors. For the program you have applied for, we expect to:
 - sell all of the mortgage servicing retain all of the mortgage servicing
 - assign, sell or transfer 0.000 % of the mortgage servicing
- For all the first lien mortgage loans that we make in the 12-month period after your mortgage loan is funded, we estimate that the percentage of mortgage loans for which we will transfer servicing is between: _____ [0 to 25%] or [NONE] _____ 26 to 50% _____ 51 to 75% _____ [76 to 100%] or [ALL]

This estimate does does not include assignments, sales or transfers to affiliates or subsidiaries. This is only our best estimate and it is not binding. Business conditions or other circumstances may affect our future transferring decisions.

- We have previously assigned, sold or transferred the servicing of federally related mortgage loans.
 - OR
 - This is our record of transferring the servicing of the first lien mortgage loans we have made in the past:

Year	Percentage of Loans Transferred	(Rounded to nearest quartile - 0%, 25%, 50%, 75%, or 100%)
2002	100.000	%
2003	100.000	%
2004	100.000	%

This information does does not include assignments, sales or transfers to affiliates or subsidiaries.

Date _____ Present Servicer or Lender _____

ACKNOWLEDGMENT OF MORTGAGE LOAN APPLICANT

I/We have read this disclosure form and understand its contents, as evidenced by my/our signature(s) below. I/We understand that this acknowledgment is a required part of the mortgage loan application.

Applicant LESLIE BENNETT Date _____ Applicant PAUL BENNETT Date _____

Applicant _____ Date _____ Applicant _____ Date _____

NOTICE OF INTENT TO APPLY FOR JOINT CREDIT

Applicant(s):
LESLIE BENNETT & PAUL BENNETT

Lender:

People's Choice Home Loan, Inc.
7515 IRVINE CENTER DR.
IRVINE, CA 92618

Property Address:
107 AVENIDA SAN DIMAS, SAN CLEMENTE,
CALIFORNIA 92672

Date:

You intend to apply for joint credit.

Borrower _____
LESLIE BENNETT

Date

Borrower _____
PAUL BENNETT

Date

Borrower _____

Date

Borrower _____

Date

Borrower _____

Date

Borrower _____

Date


Borrower _____

Date

Borrower _____

Date

10238451

 VMP-129 (0404)

VMP Mortgage Solutions (800)521-7291

4/04

Date:
Loan No: 10238451

People's Choice Home Loan, Inc.

FEES AND CHARGES FOR YOUR LOAN TRANSACTION

What Fees and Charges Will You Pay?

Your loan transaction will involve a variety of fees and charges. Some of these are charged by the lender, some are charged by your mortgage broker, and some are charged by third parties such as appraisers, credit reporting agencies, closing agents and the like. In some cases, the fees charged by your mortgage broker or lender may include fees charged by the third parties. Fees and charges may be paid directly in cash at or before closing or, in some cases, they may be added to your loan amount (which will increase your loan payments). Please do not hesitate to ask your mortgage broker if you have any questions about any fees or charges.

What is the Role of Your Broker?

Your mortgage broker is your representative and is not an employee of the lender. You should look solely to your mortgage broker for information and advice concerning your loan, the loan terms and any associated fees and costs.

What are points?

One type of fee or charge in your loan transaction is called "points". A point is equal to one percent (1%) of your loan amount. Points are paid to the mortgage broker by you or your lender (or both) to compensate the broker for his services in connection with your loan. Points that you pay to the mortgage broker may be paid directly in cash at or before closing, or they may be added to your loan amount (which will increase your loan payments). The amount you pay will generally be referred to on your Good Faith Estimate and HUD-1 or HUD-1A Settlement Statement as "Mortgage Broker Fee."

In addition, you may pay points or other origination fees directly to the lender. Points that you pay to the lender may be paid directly in cash at or before closing, or they may be added to your loan amount (which will increase your payments). Points to the lender is a means to "buy down" the interest rate; thus, by paying more up front, you can lower the interest rate which is paid over time. The points you pay to the lender will generally be referred to on your Good Faith Estimate and HUD-1 or HUD-1A Settlement Statement as "Loan Origination Fee."

What is a Yield Spread Premium?

Points that the lender pays to the mortgage broker are often called "yield spread premium." Yield spread premiums are generally paid to the broker on loans that carry interest rates higher than those for which the borrower would otherwise qualify. You may choose a higher interest rate than the rate for which you would otherwise qualify. A higher interest rate results in higher monthly payments. However, the amount of the yield spread premium might be used to offset the mortgage broker fee you would otherwise pay to your mortgage broker. Thus, by "buying up" the interest rate you pay over time, you can reduce your up-front costs. The amount the lender pays to the mortgage broker will generally be referred to on your Good Faith Estimate and HUD-1 or HUD-1A Settlement Statement as "Yield Spread Premium."

How Are Your Loan Interest Rate, Points, and Fees Determined?

The interest rate, the amount of points that you pay to the lender and to the mortgage broker, the amount of points that the lender pays to the mortgage broker, the amount of any lender credit to borrower and the amount of other fees and charges that you pay in connection with your loan depend on a variety of factors and market conditions. In most cases, the amounts that you pay for some of these items will affect the amounts you pay for other items. You may be able to negotiate the amount of some or all of these items with your mortgage broker. This is something that you should discuss directly with your mortgage broker.

What Fees and Charges Will Be Disclosed to You?

The amount of points that you pay to the lender and to the mortgage broker, the amount of points that the lender pays to the mortgage broker, the amount of any lender credit to borrower and the amount of other fees and charges that you pay in connection with your loan will be estimated on your Good Faith Estimate form. The final amounts will be disclosed on your HUD-1 or HUD-1A Settlement Statement.

By signing below you acknowledge that you have read and understand this document. You also acknowledge that you have received a copy of this document.

LESLIE BENNETT Date

PAUL BENNETT Date

Date

Date

Date

Date

Des. Exhibit B (part 3) Page 81 of 82
TRUE IN-LENDING DISCLOSURE STATEMENT

(THIS IS NEITHER A CONTRACT NOR A COMMITMENT TO LEND)

LENDER OR LENDER'S AGENT:

PEOPLE'S CHOICE HOME LOAN, INC.

Preliminary Final

7515 IRVINE CENTER DR.
 IRVINE, CA 92618

DATE:

LOAN NO.: 10238451

BORROWERS: LESLIE BENNETT
 PAUL BENNETT

Type of Loan: Convertible ARM

ADDRESS: 107 AVENIDA SAN DIMAS
 CITY/STATE/ZIP: SAN CLEMENTE, CA 92672
 PROPERTY: 107 AVENIDA SAN DIMAS SAN CLEMENTE, CA 92672

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after you have made all payments as scheduled.
10.868 %	\$ 1,666,983.25	\$ 681,172.00	\$ 2,348,155.25

PAYMENT SCHEDULE:

NUMBER OF PAYMENTS	AMOUNT OF PAYMENTS	PAYMENTS ARE DUE monthly BEGINNING	NUMBER OF PAYMENTS	AMOUNT OF PAYMENTS	PAYMENTS ARE DUE monthly BEGINNING
24	\$6,050.15	09/01/2005			
335	\$6,556.44	09/01/2007			
1	\$6,544.25	08/01/2035			

DEMAND FEATURE: This loan does not have a Demand Feature. This loan has a Demand Feature as follows:

VARIABLE RATE FEATURE:
 This Loan has a Variable Rate Feature. Variable Rate Disclosures have been provided to you earlier.

SECURITY: You are giving a security interest in the property located at: 107 AVENIDA SAN DIMAS SAN CLEMENTE CA 92672

ASSUMPTION: Someone buying this property cannot assume the remaining balance due under original mortgage terms
 may assume, subject to lender's conditions, the remaining balance due under original mortgage terms.

FILING / RECORDING FEES: \$ 60.00

PROPERTY INSURANCE: Property hazard insurance in the amount of \$ 690,000.00 with a mortgagee clause to the lender is a required condition of this loan. Borrower may purchase this insurance from any insurance company acceptable to the lender.
 Hazard insurance is is not available through the lender at an estimated cost of \$0.00 for a _____ year term.

LATE CHARGES: If your payment is more than 15 days late, you will be charged a late charge of 5.000 % of the overdue payment.

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

See your contract documents for any additional information regarding non-payment, default, required repayment in full before scheduled date, and prepayment refunds and penalties.
 e means estimate

I/We hereby acknowledge reading and receiving a complete copy of this disclosure.

LESLIE BENNETT

BORROWER/DATE

PAUL BENNETT

BORROWER/DATE

BORROWER/DATE **EXHIBIT B**

BORROWER/DATE

DEFINITION OF TRUTH-IN-LENDING TERMS

ANNUAL PERCENTAGE RATE

This is not the Note rate for which the borrower applied. The Annual Percentage Rate (APR) is the cost of the loan in percentage terms taking into account various loan charges of which interest is only one such charge. Other charges which are used in calculation of the Annual Percentage Rate are Private Mortgage Insurance or FHA Mortgage Insurance Premium (when applicable) and Prepaid Finance Charges (loan discount, origination fees, prepaid interest and other credit costs). The APR is calculated by spreading these charges over the life of the loan which results in a rate generally higher than the interest rate shown on your Mortgage/Deed of Trust Note. If interest was the only Finance Charge, then the interest rate and the Annual Percentage Rate would be the same.

PREPAID FINANCE CHARGES

Prepaid Finance Charges are certain charges made in connection with the loan and which must be paid upon the close of the loan. These charges are defined by the Federal Reserve Board in Regulation Z and the charges must be paid by the borrower. Non-Inclusive examples of such charges are: Loan origination fee, "Points" or Discount, Private Mortgage Insurance or FHA Mortgage Insurance, Tax Service Fee. Some loan charges are specifically excluded from the Prepaid Finance Charge such as appraisal fees and credit report fees.

Prepaid Finance Charges are totaled and then subtracted from the Loan Amount (the face amount of the Deed of Trust/Mortgage Note). The net figure is the Amount Financed as explained below.

FINANCE CHARGE

The amount of interest, prepaid finance charge and certain insurance premiums (if any) which the borrower will be expected to pay over the life of the loan.

AMOUNT FINANCED

The Amount Financed is the loan amount applied for less the prepaid finance charges. Prepaid finance charges can be found on the Good Faith Estimate/Settlement Statement (HUD-1 or 1A). For example if the borrower's note is for \$100,000 and the Prepaid Finance Charges total \$5,000, the Amount Financed would be \$95,000. The Amount Financed is the figure on which the Annual Percentage Rate is based.

TOTAL OF PAYMENTS

This figure represents the total of all payments made toward principal, interest and mortgage insurance (if applicable).

PAYMENT SCHEDULE

The dollar figures in the Payment Schedule represent principal, interest, plus Private Mortgage Insurance (if applicable). These figures will not reflect taxes and insurance escrows or any temporary buydown payments contributed by the seller.

EXHIBIT C

People's Choice Home Loan, Inc.

INITIAL DISCLOSURE COVER LETTER

Re: LESLIE BENNETT
PAUL DANIEL BENNETT
107 AVENIDA SAN DIMAS
SAN CLEMENTE , CA 92672

Date: 07/14/2005
Loan Number: 10238451

Thank you for your recent loan application.

We enclose the following consumer credit disclosures and notices for your credit request:

1. Truth In Lending Disclosure
2. Good Faith Estimate
3. Notice Regarding Required use of Settlement
4. RESPA Transfer of Servicing Disclosure
5. Appraisal Disclosure
6. Fees and Charges for your loan
7. Privacy Policy
8. ARM Program Disclosure
9. Fair Lending Notice
10. Hazard Insurance Disclosure
11. CA Consumer Credit Score Disclosure

In addition, we enclose the HUD Settlement Costs handbook and, if applicable, a handbook which explains the features of your adjustable rate mortgage (see CHARM Handbook)

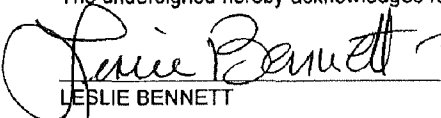
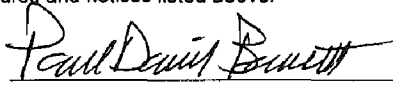
These disclosures and notices have been prepared based on preliminary information you and your mortgage broker (if applicable) have provided to us. We will provide you with final disclosures and notices prior to loan closing.

Once we have received all required documents and information, we will make a good faith effort to process your mortgage loan application and to issue a final conditional approval as quickly as possible. Certain circumstances or events unknown to us at this time may cause us delays in processing your mortgage loan application.

Please Sign the acknowledgment below as well as a copy of the Servicing Disclosure Statement to evidence that you have received the enclosed disclosures and notices, and return both signed forms to us. This is neither a contract nor a commitment to lend. Thank you.

ACKNOWLEDGMENT

The undersigned hereby acknowledges receipt of the disclosures and notices listed above.

	<u>7/20/05</u>		<u>7-20-05</u>
LESLIE BENNETT	(Date)	PAUL DANIEL BENNETT	(Date)

_____	(Date)	_____	(Date)
-------	--------	-------	--------

_____	(Date)	_____	(Date)
-------	--------	-------	--------

TRUTH-IN-LENDING DISCLOSURE STATEMENT

(THIS IS NEITHER A CONTRACT NOR A COMMITMENT TO LEND)

LENDER OR LENDER'S AGENT:

PEOPLE'S CHOICE HOME LOAN, INC.

Preliminary Final

7515 IRVINE CENTER DR.
IRVINE, CA 92618

DATE: 07/20/2005

LOAN NO.: 10238451

BORROWERS: LESLIE BENNETT

Type of Loan: Convertible ARM

PAUL DANIEL BENNETT

ADDRESS: 107 AVENIDA SAN DIMAS
CITY/STATE/ZIP: SAN CLEMENTE, CA 92672
PROPERTY: 107 AVENIDA SAN DIMAS SAN CLEMENTE, CA 92672

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after you have made all payments as scheduled.
9.689 %	\$ 1,430,931.21	\$ 675,849.05	\$ 2,106,780.26

PAYMENT SCHEDULE:

NUMBER OF PAYMENTS	AMOUNT OF PAYMENTS	PAYMENTS ARE DUE monthly BEGINNING	NUMBER OF PAYMENTS	AMOUNT OF PAYMENTS	PAYMENTS ARE DUE monthly BEGINNING
24	\$5,343.95	09/01/2005			
335	\$5,888.50	09/01/2007			
1	\$5,877.96	08/01/2035			

DEMAND FEATURE: This loan does not have a Demand Feature. This loan has a Demand Feature as follows:

VARIABLE RATE FEATURE: This Loan has a Variable Rate Feature. Variable Rate Disclosures have been provided to you earlier.

SECURITY: You are giving a security interest in the property located at: 107 AVENIDA SAN DIMAS SAN CLEMENTE CA 92672

ASSUMPTION: Someone buying this property cannot assume the remaining balance due under original mortgage terms may assume, subject to lender's conditions, the remaining balance due under original mortgage terms.

FILING / RECORDING FEES: \$ 100.00

PROPERTY INSURANCE: Property hazard insurance in the amount of \$ 695,000.00 with a mortgagee clause to the lender is a required condition of this loan. Borrower may purchase this insurance from any insurance company acceptable to the lender. Hazard insurance is is not available through the lender at an estimated cost of \$0.00 for a year term.

LATE CHARGES: If your payment is more than 15 days late, you will be charged a late charge of 5.000 % of the overdue payment.

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

See your contract documents for any additional information regarding non-payment, default, required repayment in full before scheduled date, and prepayment refunds and penalties.
 * means estimate

We hereby acknowledge reading and receiving a complete copy of this disclosure.

Leslie Bennett 7/20/05 *Paul Daniel Bennett* 7-20-05
LESLIE BENNETT BORROWER/DATE PAUL DANIEL BENNETT BORROWER/DATE

BORROWER/DATE EXHIBIT C BORROWER/DATE

DEFINITION OF TRUTH-IN-LENDING TERMS

ANNUAL PERCENTAGE RATE

This is not the Note rate for which the borrower applied. The Annual Percentage Rate (APR) is the cost of the loan in percentage terms taking into account various loan charges of which interest is only one such charge. Other charges which are used in calculation of the Annual Percentage Rate are Private Mortgage Insurance or FHA Mortgage Insurance Premium (when applicable) and Prepaid Finance Charges (loan discount, origination fees, prepaid interest and other credit costs). The APR is calculated by spreading these charges over the life of the loan which results in a rate generally higher than the interest rate shown on your Mortgage/Deed of Trust Note. If interest was the only Finance Charge, then the interest rate and the Annual Percentage Rate would be the same.

PREPAID FINANCE CHARGES

Prepaid Finance Charges are certain charges made in connection with the loan and which must be paid upon the close of the loan. These charges are defined by the Federal Reserve Board in Regulation Z and the charges must be paid by the borrower. Non-Inclusive examples of such charges are: Loan origination fee, "Points" or Discount, Private Mortgage Insurance or FHA Mortgage Insurance, Tax Service Fee. Some loan charges are specifically excluded from the Prepaid Finance Charge such as appraisal fees and credit report fees.

Prepaid Finance Charges are totaled and then subtracted from the Loan Amount (the face amount of the Deed of Trust/Mortgage Note). The net figure is the Amount Financed as explained below.

FINANCE CHARGE

The amount of interest, prepaid finance charge and certain insurance premiums (if any) which the borrower will be expected to pay over the life of the loan.

AMOUNT FINANCED

The Amount Financed is the loan amount applied for less the prepaid finance charges. Prepaid finance charges can be found on the Good Faith Estimate/Settlement Statement (HUD-1 or 1A). For example if the borrower's note is for \$100,000 and the Prepaid Finance Charges total \$5,000, the Amount Financed would be \$95,000. The Amount Financed is the figure on which the Annual Percentage Rate is based.

TOTAL OF PAYMENTS

This figure represents the total of all payments made toward principal, interest and mortgage insurance (if applicable).

PAYMENT SCHEDULE

The dollar figures in the Payment Schedule represent principal, interest, plus Private Mortgage Insurance (if applicable). These figures will not reflect taxes and insurance escrows or any temporary buydown payments contributed by the seller.

ITEMIZATION OF AMOUNT FINANCED

Loan Number: 10238451 Date: 07/20/2005
 Loan Amount \$ 695,000.00
 Name of Borrower: LESLIE BENNETT & PAUL DANIEL BENNETT
 Address of Borrower: 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CA 92672
 Name of Lender: People's Choice Home Loan, Inc.
 Address of Lender: 7515 IRVINE CENTER DR., IRVINE, CA 92618
 Property Address: 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672

Itemization of Amount Financed of	\$	675,849.05
Amount given to you directly	\$	674,100.05
Amount paid on your account	\$	
Amount paid to others on your behalf	\$	
Appraisal fee to appraiser	\$	350.00
Credit report fee to credit reporting agency	\$	18.00
Hazard insurance to insurance agency	\$	
Flood insurance to insurance agency	\$	
Settlement closing fees to	\$	
Abstract or title search to title ins. co.	\$	
Document preparation fee to	\$	
Misc. title fees to title co.	\$	
Notary fee to	\$	
Attorneys' fees to	\$	
Title insurance premium to title ins. co.	\$	
Filing fee to public officials/recording	\$	100.00
Survey	\$	
Pest inspection	\$	
Yield Spread Premium (Paid By Lender to Broker) P.O.C.	\$	6950.00
Title Examination	\$	1681.00
	\$	
	\$	
	\$	
	\$	
Prepaid finance charges		
Loan origination fee: 0.000	\$	
Loan discount 0.000	\$	
Prepaid interest (7 days) @ 16.85	\$	1,132.95
Mortgage insurance	\$	
Commitment fee	\$	
Buydown costs	\$	
Tax service fee	\$	70.00
Lender's inspection fee	\$	
Assumption fee	\$	
Amortization schedule fee	\$	
Underwriting fee	\$	485.00
Administration Fee	\$	850.00
Broker Fee	\$	13900.00
Application Fee	\$	395.00
Flood Determination Fee	\$	13.00
Appraisal Review Fee	\$	210.00
Funding Fee	\$	300.00
Processing Fee	\$	695.00
Settlement/Escrow/Closing Fee	\$	1100.00
	\$	0.00
	\$	
Total Prepaid finance charges	\$	19150.95

I/We hereby acknowledge receipt of this itemization of amount financed, and authorize direct disbursement as set forth.
 BORROWER'S SIGNATURE(S)/ DATE
 Leslie Bennett 7/20/05 Paul Daniel Bennett 7-2005
 LESLIE BENNETT PAUL DANIEL BENNETT

GOOD FAITH ESTIMATE - RESPA

LENDER: People's Choice Home Loan, Inc.
 ADDRESS: 7515 IRVINE CENTER DR., IRVINE, CA 92618

Date
 Prepared: 07/14/2005
 Sales price: 0.00

APPLICANT(S): LESLIE BENNETT & PAUL BENNETT

PROPERTY 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA FHA VA FmHA CONV.
 ADDRESS: 92672
 LOAN AMOUNT 690,000.00 INTEREST RATE 9.990

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 - the 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 or HUD-1A settlement statement that you will be receiving at settlement. The HUD-1 or HUD-1A settlement statement will show you the actual cost for items paid at settlement.

LINE NUMBERS FROM HUD-1 OR HUD-1A FORM	DESCRIPTION OF CHARGES	(POC)	ESTIMATED AMOUNT
801	Origination Fee		\$ 0.00
802	Loan Discount Fee		\$ 0.00
803	Appraisal Fee		\$ 350.00
804	Credit Report		\$ 0.00
805	Lender's Inspection Fee		\$ 0.00
806	Mortgage Insurance App Fee		\$ 0.00
807	Assumption Fee		\$ 0.00
808	Administration Fee		\$ 0.00
809	Broker Fee		\$ 6,900.00
810	Courier/Messenger Fee		\$ 0.00
811	Yield Spread Premium	6,900.00	\$ 0.00
812			\$ 0.00
813	Underwriting Fee		\$ 485.00
814	Application Fee		\$ 0.00
815	Tax Service Fee		\$ 70.00
816	Flood Determination Fee		\$ 13.00
817	Appraisal Review Fee		\$ 210.00
818	Processing Fee		\$ 500.00
819	Funding Fee		\$ 300.00
820			\$ 0.00
821	Refund Interest		\$ 0.00
822	Discount/Premium		\$ 0.00
823	Review Fee		\$ 0.00
901	Prepaid Interest		\$ 0.00
902	Mortgage Insurance Premium		\$ 0.00
903	Hazard Insurance Premium		\$ 0.00
1101	Settlement/Escrow/Closing Fee		\$ 350.00
1102	Abstract or Title Search		\$ 0.00
1103	Title Examination		\$ 0.00
1104	Title Insurance Binder		\$ 0.00
1105	Document Preparation		\$ 0.00
1106	Notary Fee		\$ 0.00
1107	Attorney's Fees		\$ 0.00
1108	Title Insurance		\$ 0.00
1111	Payoff Debt Fee		\$ 0.00
1112	Sub Escrow Fee		\$ 0.00
1201	Recording Fees		\$ 60.00
1202	City/County Tax/Stamps		\$ 0.00
1203	State Tax/Stamps		\$ 0.00
1301	Survey		\$ 0.00
TOTAL EST. CHARGES			\$9,238.00

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, entitled "Settlement Costs," which has been 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.

This Good Faith Estimate is being provided by _____, a mortgage broker, and no lender has been obtained.

Use of a particular provider of service is required and the estimate is based on charges of the provider. Please see attached Addendum.

The Undersigned acknowledges receipt of this Good Faith Estimate of Charges, and if applicable, the HUD Special Information Booklet, "Settlement Costs," and the "Consumer Handbook on ARM Mortgages."

APPLICANT LESLIE BENNETT DATE APPLICANT PAUL BENNETT DATE

APPLICANT DATE APPLICANT DATE

"S" designates those costs to be paid by Seller.

RESPA SERVICING DISCLOSURE

Lender: PEOPLE'S CHOICE HOME LOAN, INC.
7515 IRVINE CENTER DR.
IRVINE, CA 92618

NOTICE TO FIRST LIEN MORTGAGE LOAN APPLICANTS: THE RIGHT TO COLLECT YOUR MORTGAGE LOAN PAYMENTS MAY BE TRANSFERRED. FEDERAL LAW GIVES YOU CERTAIN RELATED RIGHTS. IF YOUR LOAN IS MADE, SAVE THIS STATEMENT WITH YOUR LOAN DOCUMENTS. SIGN THE ACKNOWLEDGMENT AT THE END OF THIS STATEMENT ONLY IF YOU UNDERSTAND ITS CONTENTS.

Because you are applying for a mortgage loan covered by the Real Estate Settlement Procedures Act (RESPA) (12 U.S.C. Section 2601 et seq.) you have certain rights under that Federal law.

This statement tells you about those rights. It also tells you what the chances are that the servicing for this loan may be transferred to a different loan servicer. "Servicing" refers to collecting your principal, interest and escrow account payments, if any. If your loan servicer changes, there are certain procedures that must be followed. This statement generally explains those procedures.

Transfer Practices and Requirements

If the servicing of your loan is assigned, sold, or transferred to a new servicer, you must be given written notice of that transfer. The present loan servicer must send you notice in writing of the assignment, sale or transfer of the servicing not less than 15 days before the effective date of the transfer.

Notices must contain certain information. They must contain the effective date of the transfer of the servicing of your loan to the new servicer, and the name, address, and toll-free or collect call telephone number of the new servicer, and toll-free or collect call telephone numbers of a person or department for both your present servicer and your new servicer to answer your questions.

Complaint Resolution

Section 6 of RESPA (12 U.S.C. Section 2605) gives you certain consumer rights, whether or not your loan servicing is transferred. If you send a qualified written request to your servicer, your servicer must provide you with a written acknowledgment within 20 Business Days of receipt of your request.

A Business Day is any day in which the offices of the business entity are open to the public for carrying on substantially all of its business functions.

Damages and Costs

Section 6 of RESPA also provides for damages and costs for individuals or classes of individuals in circumstances where servicers are shown to have violated the requirements of that Section.

Servicing Transfer Estimates

1. The following is the best estimate of what will happen to the servicing of your mortgage loan:

[X] We may assign, sell or transfer the servicing of your loan while the loan is outstanding. [] We are able to service your loan and we [] will [] will not [] haven't decided whether to service your loan.

OR

[] We do not service mortgage loans, [] and we have not serviced mortgage loans in the past three years. [] We presently intend to assign, sell or transfer the servicing of your mortgage loan. You will be informed about your servicer.

[] We assign, sell or transfer the servicing of some of our loans while the loan is outstanding depending on the type of loan and other factors. For the program you have applied for, we expect to:

[] sell all of the mortgage servicing [] retain all of the mortgage servicing
[] assign, sell or transfer 0.000 % of the mortgage servicing

2. For all the first lien mortgage loans that we make in the 12-month period after your mortgage loan is funded, we estimate that the percentage of mortgage loans for which we will transfer servicing is between:

[] [0 to 25%] or [NONE] [] 26 to 50% [] 51 to 75% [X] [76 to 100%] or [ALL]

This estimate [X] does [] does not include assignments, sales or transfers to affiliates or subsidiaries. This is only our best estimate and it is not binding. Business conditions or other circumstances may affect our future transferring decisions.

3. [] We have previously assigned, sold or transferred the servicing of federally related mortgage loans.

OR

[X] This is our record of transferring the servicing of the first lien mortgage loans we have made in the past:

Table with 2 columns: Year, Percentage of Loans Transferred. Rows for 2002, 2003, 2004, all showing 100.000%.

This information [] does [X] does not include assignments, sales or transfers to affiliates or subsidiaries.

Date Present Servicer or Lender

ACKNOWLEDGMENT OF MORTGAGE LOAN APPLICANT

I/We have read this disclosure form and understand its contents, as evidenced by my/our signature(s) below. I/We understand that this acknowledgment is a required part of the mortgage loan application.

Applicant LESLIE BENNETT Date Applicant PAUL DANIEL BENNETT Date

Six-Month LIBOR Adjustable-Rate Mortgage Loan Program Disclosure

Important Mortgage Loan Information
Please read carefully

This disclosure as provided by People's Choice Home Loan, Inc. describes the features of the three Adjustable-Rate Mortgage (ARM) programs you are considering. Information on other ARM programs is available upon request.

HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED:

Your interest rate will be based on the index plus a margin, rounded to the nearest one-eighth of one percentage point (.125%), unless your interest rate "caps" limit the amount of change in the interest rate. Please ask us for our current interest rate and margin.

The index is the average of Interbank offered rates for six month U.S. Dollar-denominated deposits in the London market, commonly referred to as the six-month "LIBOR" index, as published on business days in the Money Rates section of The Wall Street Journal. If this index is no longer available a comparable index will be substituted.
Your payment will be based on the interest rate, loan balance, and loan term.

Your initial interest rate is not based on the index used to make later adjustments. Ask us for the amount of current interest rate discounts and premiums.

HOW YOUR INTEREST RATE CAN CHANGE:

We offer three ARM loan programs. Your interest rate can change semi-annually after remaining fixed for an initial period of twenty-four (24) months, thirty six (36) months, or sixty (60) months, subject to the following interest rate "caps":

Your interest rate cannot increase more than three percentage points (3.00%) at the first adjustment, and cannot increase or decrease more than one percentage point (1.00%) at any later adjustment.

Your interest rate cannot increase by more than six percentage points (6.00%) over the term of the loan.

Your interest rate will never be less than the initial interest rate for your loan.

HOW YOUR PAYMENT CAN CHANGE:

Your monthly payment can change semi-annually after remaining fixed for an initial period. The initial fixed rate period will be twenty-four (24) months, thirty six (36) months, or sixty (60) months, depending on the ARM loan program you choose.

You will be notified in writing at least twenty-five (25) days, but no more than one hundred twenty (120) days, before the due date of a payment at a new level. This notice will contain information about your interest rates, payment amount and loan balance.

Your monthly payment may increase or decrease substantially depending on changes in the interest rate.

INITIAL AND MAXIMUM INTEREST RATE EXAMPLES:

2/28 ARM Loan Program: Initial Rate Remains Fixed for Twenty-Four (24) Months:

For example, on a \$10,000 thirty-year loan with an initial interest rate of 6.75% (the rate in effect on April 1, 2003 for our most credit worthy borrowers), the maximum amount that the interest rate can rise under this program is six percentage points (6.00%) to 12.75%, and the monthly payment can rise from a first year payment of \$64.86 to a maximum of \$106.65 in the middle of the 4th year.

To see what your payments (excluding escrow payments) would be, divide your mortgage amount by \$10,000; then multiply the loan payment by that amount. (For example, the monthly payment for a mortgage amount of \$60,000 would be \$60,000 divided by \$10,000 = 6; 6 x \$64.86 = \$389.16).

3/27 ARM Loan Program: Initial Rate Remains Fixed for Thirty-Six (36) Months:

For example, on a \$10,000 thirty-year loan with an initial interest rate of 6.99% (the rate in effect on April 1, 2003 for our most credit worthy borrowers), the maximum amount that the interest rate can rise under this program is six percentage points (6.00%) to 12.99%, and the monthly payment can rise from a first year payment of \$66.47 to a maximum of \$107.66 in the middle of the 5th year.

To see what your payments (excluding escrow payments) would be, divide your mortgage amount by \$10,000; then multiply the loan payment by that amount. (For example, the monthly payment for a mortgage amount of \$60,000 would be \$60,000 divided by \$10,000 = 6; 6 x \$66.47 = \$398.82).


5/25 ARM Loan Program: Initial Rate Remains Fixed for Sixty (60) Months:

For example, on a \$10,000 thirty-year loan with an initial interest rate of 7.25% (the rate in effect on April 1, 2003 for our most credit worthy borrowers), the maximum amount that the interest rate can rise under this program is six percentage points (6.00%) to 13.25%, and the monthly payment can rise from a first year payment of \$68.22 to a maximum of \$107.85 in the middle of the 7th year.

To see what your payments (excluding escrow payments) would be, divide your mortgage amount by \$10,000; then multiply the loan payment by that amount. (For example, the monthly payment for a mortgage amount of \$60,000 would be \$60,000 divided by \$10,000 = 6; 6 x \$68.22 = \$409.32).

ACKNOWLEDGMENT

The undersigned acknowledge receipt of a copy of this disclosure and a copy of the Consumer Handbook on Adjustable Rate Mortgages. The undersigned acknowledge that this disclosure does not constitute a rate lock agreement or a commitment to make a loan. If Peoples Choice Home Loan, Inc. makes a loan to us, the note, security instrument and related documents will establish our legal rights and obligations regarding the loan.



DENISE BENNETT (Date) 7/20/05



PAUL DANIEL BENNETT (Date) 7-20-05

(Date)

(Date)

APPRAISAL DISCLOSURE

10238451

Borrower Name(s): LESLIE BENNETT & PAUL DANIEL BENNETT	Lender: People's Choice Home Loan, Inc. 7515 IRVINE CENTER DR. IRVINE, CA 92618
Property Address: 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672	Date: 07/20/2005

You have the right to a copy of the appraisal report used in connection with your application for credit. If you wish a copy, please write to us at the mailing address we have provided. We must hear from you no later than 90 days after we notify you about the action taken on your credit application or you withdraw your application.

Contact: APPRAISAL DEPARTMENT
 Lender/Broker: People's Choice Home Loan, Inc.
 Address: 7515 IRVINE CENTER DR.
IRVINE, CA 92618
 Telephone: _____

In your letter, give us the following information:

<p><i>Leslie Bennett</i> 7/20/05 Borrower LESLIE BENNETT Date</p>	<p><i>Paul Daniel Bennett</i> 7-20-05 Borrower PAUL DANIEL BENNETT Date</p>
--	--

Borrower _____ Date _____ Borrower _____ Date _____

Borrower _____ Date _____ Borrower _____ Date _____

Borrower _____ Date _____ Borrower _____ Date _____

Date: 07/20/2005
Loan No: 10238451

People's Choice Home Loan, Inc.

FEES AND CHARGES FOR YOUR LOAN TRANSACTION

What Fees and Charges Will You Pay?

Your loan transaction will involve a variety of fees and charges. Some of these are charged by the lender, some are charged by your mortgage broker, and some are charged by third parties such as appraisers, credit reporting agencies, closing agents and the like. In some cases, the fees charged by your mortgage broker or lender may include fees charged by the third parties. Fees and charges may be paid directly in cash at or before closing or, in some cases, they may be added to your loan amount (which will increase your loan payments). Please do not hesitate to ask your mortgage broker if you have any questions about any fees or charges.

What is the Role of Your Broker?

Your mortgage broker is your representative and is not an employee of the lender. You should look solely to your mortgage broker for information and advice concerning your loan, the loan terms and any associated fees and costs.

What are points?

One type of fee or charge in your loan transaction is called "points". A point is equal to one percent (1%) of your loan amount. Points are paid to the mortgage broker by you or your lender (or both) to compensate the broker for his services in connection with your loan. Points that you pay to the mortgage broker may be paid directly in cash at or before closing, or they may be added to your loan amount (which will increase your loan payments). The amount you pay will generally be referred to on your Good Faith Estimate and HUD-1 or HUD-1A Settlement Statement as "Mortgage Broker Fee."

In addition, you may pay points or other origination fees directly to the lender. Points that you pay to the lender may be paid directly in cash at or before closing, or they may be added to your loan amount (which will increase your payments). Points to the lender is a means to "buy down" the interest rate; thus, by paying more up front, you can lower the interest rate which is paid over time. The points you pay to the lender will generally be referred to on your Good Faith Estimate and HUD-1 or HUD-1A Settlement Statement as "Loan Origination Fee."

What is a Yield Spread Premium?

Points that the lender pays to the mortgage broker are often called "yield spread premium." Yield spread premiums are generally paid to the broker on loans that carry interest rates higher than those for which the borrower would otherwise qualify. You may choose a higher interest rate than the rate for which you would otherwise qualify. A higher interest rate results in higher monthly payments. However, the amount of the yield spread premium might be used to offset the mortgage broker fee you would otherwise pay to your mortgage broker. Thus, by "buying up" the interest rate you pay over time, you can reduce your up-front costs. The amount the lender pays to the mortgage broker will generally be referred to on your Good Faith Estimate and HUD-1 or HUD-1A Settlement Statement as "Yield Spread Premium."



How Are Your Loan Interest Rate, Points, and Fees Determined?

The interest rate, the amount of points that you pay to the lender and to the mortgage broker, the amount of points that the lender pays to the mortgage broker, the amount of any lender credit to borrower and the amount of other fees and charges that you pay in connection with your loan depend on a variety of factors and market conditions. In most cases, the amounts that you pay for some of these items will affect the amounts you pay for other items. You may be able to negotiate the amount of some or all of these items with your mortgage broker. This is something that you should discuss directly with your mortgage broker.

What Fees and Charges Will Be Disclosed to You?

The amount of points that you pay to the lender and to the mortgage broker, the amount of points that the lender pays to the mortgage broker, the amount of any lender credit to borrower and the amount of other fees and charges that you pay in connection with your loan will be estimated on your Good Faith Estimate form. The final amounts will be disclosed on your HUD-1 or HUD-1A Settlement Statement.

By signing below you acknowledge that you have read and understand this document. You also acknowledge that you have received a copy of this document.

	
LESLIE BENNETT	PAUL DANIEL BENNETT
Date	Date
7/20/05	7-20-05
_____	_____
Date	Date
_____	_____
Date	Date

Loan No: 10238451

FEDERAL EQUAL CREDIT OPPORTUNITY ACT NOTICE

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, handicap, familial status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.

The Federal Agency that administers compliance with this law concerning the creditor is:

Federal Trade Commission
Equal Credit Opportunity
Washington, DC 20580
(202) 326-2222

I/We acknowledge that I/we have received a copy of this notice.

Leslie Bennett 7/20/05
Borrower Date
LESLIE BENNETT

Paul Daniel Bennett 7-20-05
Borrower Date
PAUL DANIEL BENNETT

Borrower Date

Borrower Date

Borrower Date

Borrower Date



People's Choice
Home Loan, Inc.
The Flexible Lending Solution

Date: 07/20/2005
Loan No: 10238451

PRIVACY POLICY

Keeping your personal and financial information secure is important to People's Choice Home Loan, Inc. ("People's Choice"). Because People's Choice gathers certain types of personal information in the ordinary course of our lending business, it is important that you fully understand the terms and conditions under which we use the information received from you. People's Choice will not share your confidential personal information with anyone except as discussed in this Privacy Policy. People's Choice may change this Privacy Policy, but it will tell you in advance if it does so and will explain any further rights you might have at that time. If you applied jointly for a loan with us, such as with a co-borrower on a mortgage loan, you should share this notice with the person who shares your account. He or she may not get a separate notice.

WE DO NOT SHARE INFORMATION ABOUT YOU WITH ANYONE EXCEPT AS REQUIRED OR PERMITTED BY LAW OR AS NECESSARY TO PROVIDE YOU WITH SERVICES CONNECTED WITH YOUR TRANSACTION WITH PEOPLE'S CHOICE.

What information we collect from you and how we use that information.

People's Choice gathers information that is necessary for us to consider your request for our products and services, such as mortgage loans. This information includes, but is not limited to, name, address, telephone numbers, social security numbers, information about your personal assets and liabilities, tax information and information about your credit history which is obtained from credit reporting agencies. If you obtain services or products from us, it will be necessary for us to share your information with outside service providers as is customary with mortgage loan products. In addition, your information will be provided to non-affiliated third parties in order to service your mortgage loan and upon assignment of your mortgage loan to third parties. Those third parties should also provide you with a copy of their Privacy Policies.

People's Choice may also disclose your information if required to do so by law, including service of legal process, court or administrative orders or as required by other governmental entities.

Protection of Your Personal Information

We are continually working to improve our security standards to protect your personal information. We restrict access to your personal information to those employees who have a need to know your information during the usual course of business during and after your loan transactions with People's Choice.

Relationships With Former Customers

Our relationship will end with you when you pay your loan in full or we sell your loan to another party. At that time, we will continue to treat and protect your personal information in accordance with this Privacy Policy.

People's Choice Home Loan, Inc. Web Site

We do not access information about your identity while you browse our Web Site. When browsing, you remain anonymous to us. Our system will track the pages you visit, the pages you download, the site you came from or to store a password so that you do not have to input it every time you visit our site. In order for our system to perform the preceding, we use "cookie technology". Cookie technology is a small piece of information, which a web site stores on your web browser on your computer and can later retrieve. Cookie technology does not provide us with specific, personally identifying information about you.

Opt Out

In many cases, you have the option of requesting a financial institution to not share your personal information with other parties. This is called "Opting Out". However, because of the nature of your transaction with People's Choice, you do not have the right to opt out. This is because People's Choice does not share your personal information for marketing purposes, but rather only utilizes your personal information with those third parties that will service or purchase your mortgage loan.

Privacy Policy Updates

People's Choice reserves the right to amend this policy at any time. When amendments are made to this policy, we will provide you with a notice of those changes. We will also provide an annual notice of our Privacy Policy for as long as you remain a customer.

Contact Information

To contact People's Choice regarding your personal information or if you have questions about our Privacy Policy, you may contact:

People's Choice Home Loan, Inc.
7515 Irvine Center Drive
Irvine, California 92618
(888) 624-9492

I/We hereby acknowledge that I/We have read and understand People's Choice's Privacy Policy. I/We consent to the release of information to non-affiliated third party servicers and purchasers of our loan.


LESLIE BENNETT Date 7/20/05


PAUL DANIEL BENNETT Date 7-20-05

Date

EXHIBIT C _____
Page 389 Date

CALIFORNIA
Insurance Disclosure

Loan Number
10238451

Borrower
LESLIE BENNETT & PAUL DANIEL BENNETT

Property Address
107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672

California Civil Code Section 2955.5(a) states:

"No lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property."

Your acknowledgment below signifies that this written notice was provided to you pursuant to the state statute.

Leslie Bennett 7/20/05

LESLIE BENNETT Date

Paul Daniel Bennett 7-20-05

PAUL DANIEL BENNETT Date

Date

Date

Date

Date

Date

Date

CONSUMER CREDIT SCORE DISCLOSURE
 (Pursuant to California Civil Code 1785.20.2)

Date: 07/20/2005

Lender: PEOPLE'S CHOICE HOME LOAN, INC

Borrower(s): LESLIE BENNETT & PAUL DANIEL BENNETT

Property Address: 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672

NOTICE TO THE HOME LOAN APPLICANT

In connection with your application for a home loan, the lender must disclose to you the score that a credit bureau distributed to users and the lender used in connection with your home loan, and the key factors affecting your credit scores.

The credit score is a computer generated summary calculated at the time of the request and based on information a credit bureau or lender has on file. The scores are based on data about your credit history and payment patterns. Credit scores are important because they are used to assist the lender in determining whether you will obtain a loan. They may also be used to determine what interest rate you may be offered on the mortgage. Credit scores can change over time, depending on your conduct, how your credit history and payment patterns change, and how credit scoring technologies change.

Because the score is based on information in your credit history, it is very important that you review the credit-related information that is being furnished to make sure it is accurate. Credit records may vary from one company to another.

If you have questions about your credit score or the credit information that is furnished to you, contact the credit bureau at the address and telephone number provided with this notice, or contact the lender, if the lender developed or generated the credit score. The credit bureau plays no part in the decision to take any action on the loan application and is unable to provide you with specific reasons for the decision on a loan application.

If you have questions concerning the terms of the loan, contact the lender.

Lender Contact Information: 494

LIST OF CREDIT REPORTING AGENCIES

The list contains the name, address, and telephone number of each credit reporting agency providing a credit score that was used by the Lender:

	Borrower 1 BENNETT, LESLIE	Borrower 2 BENNETT, PAUL DANIEL	Borrower 3	Borrower 4
Equifax Credit Information Services P.O. Box 740241 Atlanta, GA 30374 1-800-685-1111	Scores: █	█		
TransUnion P.O. Box 1000 Chester, PA 19022 1-800-916-8800	Scores: █	█		
Experian P.O. Box 2002 Allen, TX 75013 1-888-397-3742	Scores: █	█		

By signing below, the undersigned hereby acknowledge(s) receipt of a copy of this disclosure.

Leslie Bennett 7/20/05
 Borrower Date
 LESLIE BENNETT

Paul Daniel Bennett 7/20/05
 Borrower Date
 PAUL DANIEL BENNETT

Borrower _____ Date _____

Borrower _____ Date _____

Borrower _____ Date _____

Borrower _____ Date _____

Lender: People's Choice Home Loan, Inc.

Loan Number: 10238451

Borrowers: LESLIE BENNETT & PAUL DANIEL BENNETT

Property Address: 107 AVENIDA SAN DIMAS, SAN CLEMENTE,

CALIFORNIA PER DIEM INTEREST DISCLOSURE

In this disclosure, the terms "I," "me" and "my" mean the above-named borrower(s), and the terms "you" and "your" mean the above-named Lender licensed under the California Residential Mortgage Lender Act.

I understand and acknowledge that pursuant to California Civil Code Section 2948.5:

You may not commence to accrue, and I will not be required to pay, per diem interest on my loan on a day that is more than one (1) day prior to the date that the loan proceeds are disbursed from escrow or, if no escrow, more than one (1) day prior to the date the loan proceeds are disbursed to me, to a third party on my behalf, or to satisfy my existing obligation.

Notwithstanding the foregoing, I may request that you arrange for loan disbursement on a Monday or on a day immediately following a bank holiday.

If you agree to my request to arrange for loan disbursement on a Monday or on a day immediately following a bank holiday, then

- (i) per diem interest will commence to accrue on the business day immediately preceding the day of disbursement;
- (ii) I will be required to pay additional per diem interest charges as a result; and
- (iii) It may be possible to avoid the additional per diem charge by disbursing the loan proceeds on a day immediately following a business day.

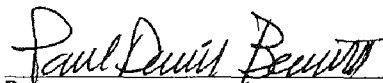
My Choice is indicated below:

- Please arrange for loan disbursement on a day immediately following a business day.
- Please arrange for loan disbursement on _____, a date that is either a Monday or on a day immediately following a bank holiday. I understand that I will be charged, and I agree to pay, additional per diem interest for _____ days at \$161.85 per day, for a total additional interest charge of \$ _____. I also understand that it may be possible to avoid this additional per diem interest charge by disbursing the loan proceeds on a day immediately following a business day.

By signing below, I acknowledge that I have received, read and understand this disclosure. This disclosure is neither a contract nor a commitment to lend.



Borrower
LESLIE BENNETT



Borrower
PAUL DANIEL BENNETT

Borrower

Borrower

Borrower

Borrower

THE HOUSING FINANCIAL DISCRIMINATION ACT OF 1977

FAIR LENDING NOTICE

IT IS ILLEGAL TO DISCRIMINATE IN THE PROVISION OF OR IN THE AVAILABILITY OF FINANCIAL ASSISTANCE BECAUSE OF THE CONSIDERATION OF:

1. TRENDS, CHARACTERISTICS OR CONDITIONS IN THE NEIGHBORHOOD OR GEOGRAPHIC AREA SURROUNDING A HOUSING ACCOMMODATION, UNLESS THE FINANCIAL INSTITUTION CAN DEMONSTRATE IN THE PARTICULAR CASE THAT SUCH CONSIDERATION IS REQUIRED TO AVOID AN UNSAFE AND UNSOUND BUSINESS PRACTICE; OR
2. RACE, COLOR, RELIGION, SEX, MARITAL STATUS, NATIONAL ORIGIN OR ANCESTRY.

IT IS ILLEGAL TO CONSIDER THE RACIAL, ETHNIC, RELIGIOUS OR NATIONAL ORIGIN COMPOSITION OF A NEIGHBORHOOD OR GEOGRAPHIC AREA SURROUNDING A HOUSING ACCOMMODATION OR WHETHER OR NOT SUCH COMPOSITION IS UNDERGOING CHANGE, OR IS EXPECTED TO UNDERGO CHANGE, IN APPRAISING A HOUSING ACCOMMODATION OR IN DETERMINING WHETHER OR NOT, OR UNDER WHAT TERMS AND CONDITIONS, TO PROVIDE FINANCIAL ASSISTANCE.

THESE PROVISIONS GOVERN FINANCIAL ASSISTANCE FOR THE PURPOSE OF THE PURCHASE, CONSTRUCTION, REHABILITATION OR REFINANCING OF ONE TO FOUR UNIT FAMILY RESIDENCES OCCUPIED BY THE OWNER AND FOR THE PURPOSE OF THE HOME IMPROVEMENT OF ANY ONE TO FOUR UNIT FAMILY RESIDENCE.

IF YOU HAVE ANY QUESTIONS ABOUT YOUR RIGHTS, OR IF YOU WISH TO FILE A COMPLAINT, CONTACT THE MANAGEMENT OF THIS FINANCIAL INSTITUTION OR:



CALIFORNIA DEPARTMENT OF CORPORATIONS 320 W.4TH STREET SUITE 750 LOS ANGELES, CA 90013-1105

EQUAL CREDIT OPPORTUNITY ACT

EQUAL CREDIT OPPORTUNITY ACT - The Federal Equal Credit Opportunity Act prohibits discrimination against credit applicants on the basis of sex, marital status, race, color, religion, national origin, age (provided the applicant has the capacity to contract), whether all or part of the applicant's income is derived from any public assistance program, or if the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal Agency which administers compliance with this law concerning this lender is the Federal Trade Commission EQUAL CREDIT OPPORTUNITY, Room 4037, Washington, DC 20580

ACKNOWLEDGMENT OF RECEIPT

I/We have received a copy of this notice.

	7/20/05		7-20-05
Borrower LESLIE BENNETT	Date	Borrower PAUL DANIEL BENNETT	Date

_____	Date	_____	Date
Borrower		Borrower	

_____	Date	_____	Date
Borrower		Borrower	

_____	Date	_____	Date
Borrower		Borrower	

NOTICE OF RIGHT TO CANCEL

LENDER: People's Choice Home Loan, Inc.

DATE 07/20/2005
LOAN NO. 10238451
TYPE Convertible ARM

BORROWERS/OWNERS LESLIE BENNETT & PAUL DANIEL BENNETT

ADDRESS 107 AVENIDA SAN DIMAS
CITY/STATE/ZIP SAN CLEMENTE, CA 92672
PROPERTY 107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672

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 transaction, which is July 20, 2005 ; or
 - (2) The date you received your Truth in Lending disclosures; or
 - (3) The date you received this notice of your right to cancel.
- UB PDB*

If you cancel the transaction, the mortgage/lien/security interest is also cancelled. 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 cancelled, and we must return to you any money or property you have given to 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 or property within 20 CALENDAR DAYS of your offer, you may keep it without further obligation.

HOW TO CANCEL

If you decide to cancel this transaction, you may do so by notifying us in writing, at:
People's Choice Home Loan, Inc.
7515 IRVINE CENTER DR., IRVINE, CA 92618
ATTENTION: FUNDING MANAGER

UB PDB

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 July 23, 2005 (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

SIGNATURE

DATE

The undersigned each acknowledge receipt of two copies of NOTICE OF RIGHT TO CANCEL and one copy of the Federal Truth in Lending Disclosure Statement.

Each borrower/owner in this transaction has the right to cancel. The exercise of this right by one borrower/owner shall be effective to all borrowers/owners.

Leslie Bennett
BORROWER/OWNER LESLIE BENNETT

DATE

Paul Daniel Bennett
BORROWER/OWNER PAUL DANIEL BENNETT

DATE

BORROWER/OWNER

DATE

BORROWER/OWNER

DATE

EXHIBIT D

WINSTON & STRAWN LLP

BEIJING
CHARLOTTE
CHICAGO
GENEVA
HONG KONG
HOUSTON
LONDON
LOS ANGELES

333 SOUTH GRAND AVENUE
LOS ANGELES, CALIFORNIA 90071

+1 (213) 615-1700

FACSIMILE +1 (213) 615-1750

www.winston.com

MOSCOW
NEW YORK
NEWARK
PARIS
SAN FRANCISCO
SHANGHAI
WASHINGTON, D.C.

July 12, 2012

GREGORY A. MARTIN
Associate Attorney
(213) 615-1918
gmartin@winston.com

VIA EMAIL AND U.S. MAIL

Timothy G. McFarlin, Esq.
Law Offices of Timothy G. McFarlin, PLC
P.O. Box 6034
Irvine, CA 92616

**Re: *People's Choice Home Loan, Inc. et al.*
Case No. 2:12-bk-15811-RK (Bankr. C.D. Cal.)
[Transferred from 8:07-bk-10765-RK] -
Claim of Paul and Leslie Bennett**

Dear Mr. McFarlin:

As you may recall from our telephone conversation when I called you several months ago, this firm represents the Liquidating Trustee for the Liquidating Trust of People's Choice Home Loan, Inc. ("PCHLI").

On or about August 7, 2007 your clients, Paul and Leslie Bennett, filed a proof of claim against PCHLI in its bankruptcy case (the "Claim"). The Claim apparently relates to a complaint filed against a number of defendants (including PCHLI) on November 8, 2006. In that complaint, the Bennetts asserted various causes of action against PCHLI arising from a mortgage loan PCHLI extended to the Bennetts in July 2005. Their claims included: (a) alleged violation of the Truth in Lending Act ("TILA"); (b) alleged violation of the Real Estate Settlement Procedures Act ("RESPA"); (c) alleged violation of the California Business and Professions Code; and (d) alleged breach of agreement/wrongful foreclosure.

After reviewing the Claim and the Bennett loan file, the Trustee has concluded that the Bennetts' allegations against PCHLI appear to be unfounded:

(a) TILA

The Bennetts allege that PCHLI violated TILA by failing to provide the Bennetts with required disclosures, forms, and statements. The loan file, however, contains documents signed by the Bennetts acknowledging their receipt of the disclosures, forms, and statements in

WINSTON & STRAWN_{LLP}

July 12, 2012

Page 2

question. In addition to the signed cover page which acknowledges the Bennetts' receipt of the disclosures, forms, and statements by reference, the Bennetts signed each of the disclosures and forms, acknowledging their receipt. In short, the Bennetts' TILA allegations are contradicted by the loan file.

Furthermore, the Bennetts' loan was not a "high cost" loan within the meaning of TILA, so the additional Home Owner's Equity Protection Act ("HOEPA") requirements do not apply. The Bennetts' allegations of HOEPA violations are baseless.

(b) RESPA

The Bennetts' allegation that PCHLI unlawfully charged the Bennetts a document preparation fee is again contradicted by the loan file. No document preparation fee is listed on any of the documents in the loan file. The Bennetts also signed the itemization list (which does not contain a document preparation fee), thereby acknowledging that no document preparation fees were charged. The Bennetts' allegation that PCHLI failed to provide TILA disclosures and a HUD-1 settlement statement is contradicted by the Bennetts' signatures acknowledging they received the TILA disclosures and a HUD settlement statement handbook. A copy of the Bennetts' HUD-1 is contained in the loan file.

The Bennetts also allege that the yield spread premium ("YSP") paid in conjunction with their loan was "an illegal referral fee or 'kick back.'" Based on the file, there is no evidence that the YSP was paid for anything other than compensable services consistent with 12 U.S.C. § 2607 and 24 C.F.R. § 3500.1 et seq.

(c) California Business and Professions Code

Substantially all of the Bennetts' California Business and Professions claims (the "UCL Claims") arise from the alleged TILA and RESPA violations. As discussed above, the record indicates that PCHLI fully complied with TILA and RESPA. As a result, TILA and RESPA violations cannot form the basis of the UCL Claims.

No evidence supports the claims that PCHLI made misrepresentations to the Bennetts. In accordance with PCHLI's corporate policy to comply with all legal requirements, all required information was disclosed to the Bennetts and the Bennetts signed documents acknowledging receipt of this information.

Included in the UCL Claims are various allegations of breached fiduciary duties and civil conspiracy. California lenders, however, do not owe their borrowers fiduciary duties. Nor is there anything to suggest that PCHLI "conspired" against the Bennetts: through their broker, the Bennetts requested a mortgage loan from PCHLI at a certain rate. PCHLI agreed to advance the loan at that rate. All disclosures were given to the Bennetts; they entered the transaction knowing what their interest rate and monthly payments would be going forward. It is unfortunate that the Bennetts were unable to repay their loan, but it cannot be said that PCHLI deceived them into entering into the transaction.

WINSTON & STRAWN_{LLP}

July 12, 2012
Page 3

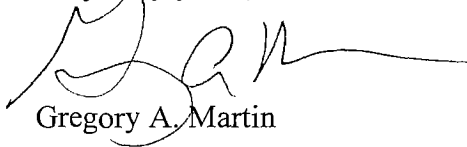
(d) Breach of Agreement/Wrongful Foreclosure

The Bennetts' allegations of breach of fiduciary duties, breach of covenants, and wrongful foreclosure appear equally unfounded with respect to PCHLI. First, as discussed above, PCHLI owed no fiduciary duties to the Bennetts; lending money does not create fiduciary duties. Second, there is no evidence that PCHLI breached any covenants. PCHLI advanced the loan that the Bennetts requested. Finally, there is no evidence that PCHLI participated in a wrongful foreclosure. After originating the Bennett loan, PCHLI sold the loan to another financial institution on December 22, 2005, as was its business practice. According to Exhibit 1 to the complaint attached to the Claim, the Bennetts were notified by Wilshire Credit Corporation on or about July 26, 2006, that the loan was in default and the foreclosure process had been initiated. Thus because PCHLI no longer owned the Bennett loan, PCHLI would not have been involved in the foreclosure process, and cannot be liable for any wrongdoing that allegedly occurred during that time.

Because, so far as the Trustee is able to tell, the Claim is unfounded, the Trustee requests that it be withdrawn or, if there is additional information you can supply that would permit a different assessment, that you provide that information to me as soon as possible. Unless either additional information is provided, or the Claim is withdrawn, by August 2, 2012, the Trustee plans to object to the Claim along the lines outlined above.

Please contact me at your convenience if you have any questions or would like to discuss any evidence that supports the Claim. Thanks in advance.

Very truly yours,



Gregory A. Martin

cc: Ron Greenspan, Trustee
Tamara McGrath
Rolf Woolner, Esq.

EXHIBIT E

WINSTON & STRAWN LLP

BEIJING
CHARLOTTE
CHICAGO
GENEVA
HONG KONG
HOUSTON
LONDON
LOS ANGELES

333 SOUTH GRAND AVENUE
LOS ANGELES, CALIFORNIA 90071

+1 (213) 615-1700

FACSIMILE +1 (213) 615-1750

www.winston.com

MOSCOW
NEW YORK
NEWARK
PARIS
SAN FRANCISCO
SHANGHAI
WASHINGTON, D.C.

October 2, 2012

GREGORY A. MARTIN
Associate Attorney
(213) 615-1918
gmartin@winston.com

VIA FEDERAL EXPRESS

Timothy G. McFarlin, Esq.
McFarlin LLP
4 Park Plaza, Suite 1025
Irvine, CA 92614

Re: *People's Choice Home Loan, Inc. et al.*
Case No. 2:12-bk-15811-RK (Bankr. C.D. Cal.)
[Transferred from 8:07-bk-10765-RK] -
Claim of Paul and Leslie Bennett

Dear Mr. McFarlin:

As you may recall from our telephone conversation when I called you several months ago, this firm represents the Liquidating Trustee for the Liquidating Trust of People's Choice Home Loan, Inc. ("PCHLI").

On or about August 7, 2007 your clients, Paul and Leslie Bennett, filed a proof of claim against PCHLI in its bankruptcy case (the "Claim"). The Claim apparently relates to a complaint filed against a number of defendants (including PCHLI) on November 8, 2006. In that complaint, the Bennetts asserted various causes of action against PCHLI arising from a mortgage loan PCHLI extended to the Bennetts in July 2005. Their claims included: (a) alleged violation of the Truth in Lending Act ("TILA"); (b) alleged violation of the Real Estate Settlement Procedures Act ("RESPA"); (c) alleged violation of the California Business and Professions Code; and (d) alleged breach of agreement/wrongful foreclosure.

After reviewing the Claim and the Bennett loan file, the Trustee has concluded that the Bennetts' allegations against PCHLI appear to be unfounded:

(a) TILA

The Bennetts allege that PCHLI violated TILA by failing to provide the Bennetts with required disclosures, forms, and statements. The loan file, however, contains documents signed by the Bennetts acknowledging their receipt of the disclosures, forms, and statements in

question. In addition to the signed cover page which acknowledges the Bennetts' receipt of the disclosures, forms, and statements by reference, the Bennetts signed each of the disclosures and forms, acknowledging their receipt. In short, the Bennetts' TILA allegations are contradicted by the loan file.

Furthermore, the Bennetts' loan was not a "high cost" loan within the meaning of TILA, so the additional Home Owner's Equity Protection Act ("HOEPA") requirements do not apply. The Bennetts' allegations of HOEPA violations are baseless.

(b) RESPA

The Bennetts' allegation that PCHLI unlawfully charged the Bennetts a document preparation fee is again contradicted by the loan file. No document preparation fee is listed on any of the documents in the loan file. The Bennetts also signed the itemization list (which does not contain a document preparation fee), thereby acknowledging that no document preparation fees were charged. The Bennetts' allegation that PCHLI failed to provide TILA disclosures and a HUD-1 settlement statement is contradicted by the Bennetts' signatures acknowledging they received the TILA disclosures and a HUD settlement statement handbook. A copy of the Bennetts' HUD-1 is contained in the loan file.

The Bennetts also allege that the yield spread premium ("YSP") paid in conjunction with their loan was "an illegal referral fee or 'kick back.'" Based on the file, there is no evidence that the YSP was paid for anything other than compensable services consistent with 12 U.S.C. § 2607 and 24 C.F.R. § 3500.1 et seq.

(c) California Business and Professions Code

Substantially all of the Bennetts' California Business and Professions claims (the "UCL Claims") arise from the alleged TILA and RESPA violations. As discussed above, the record indicates that PCHLI fully complied with TILA and RESPA. As a result, TILA and RESPA violations cannot form the basis of the UCL Claims.

No evidence supports the claims that PCHLI made misrepresentations to the Bennetts. In accordance with PCHLI's corporate policy to comply with all legal requirements, all required information was disclosed to the Bennetts and the Bennetts signed documents acknowledging receipt of this information.

Included in the UCL Claims are various allegations of breached fiduciary duties and civil conspiracy. California lenders, however, do not owe their borrowers fiduciary duties. Nor is there anything to suggest that PCHLI "conspired" against the Bennetts: through their broker, the Bennetts requested a mortgage loan from PCHLI at a certain rate. PCHLI agreed to advance the loan at that rate. All disclosures were given to the Bennetts; they entered the transaction knowing what their interest rate and monthly payments would be going forward. It is unfortunate that the Bennetts were unable to repay their loan, but it cannot be said that PCHLI deceived them into entering into the transaction.

WINSTON & STRAWN^{LLP}

October 2, 2012
Page 3

(d) Breach of Agreement/Wrongful Foreclosure

The Bennetts' allegations of breach of fiduciary duties, breach of covenants, and wrongful foreclosure appear equally unfounded with respect to PCHLI. First, as discussed above, PCHLI owed no fiduciary duties to the Bennetts; lending money does not create fiduciary duties. Second, there is no evidence that PCHLI breached any covenants. PCHLI advanced the loan that the Bennetts requested. Finally, there is no evidence that PCHLI participated in a wrongful foreclosure. After originating the Bennett loan, PCHLI sold the loan to another financial institution on December 22, 2005, as was its business practice. According to Exhibit 1 to the complaint attached to the Claim, the Bennetts were notified by Wilshire Credit Corporation on or about July 26, 2006, that the loan was in default and the foreclosure process had been initiated. Thus because PCHLI no longer owned the Bennett loan, PCHLI would not have been involved in the foreclosure process, and cannot be liable for any wrongdoing that allegedly occurred during that time.

Because, so far as the Trustee is able to tell, the Claim is unfounded, the Trustee requests that it be withdrawn or, if there is additional information you can supply that would permit a different assessment, that you provide that information to me as soon as possible. Unless either additional information is provided, or the Claim is withdrawn, by October 31, 2012, the Trustee plans to object to the Claim along the lines outlined above.

Please contact me at your convenience if you have any questions or would like to discuss any evidence that supports the Claim. Thanks in advance.

Very truly yours,



Gregory A. Martin

cc: Ron Greenspan, Trustee
Tamara McGrath
Rolf Woolner, Esq.

EXHIBIT F

H-2—Loan Model Form

ANNUAL PERCENTAGE RATE <small>The cost of your credit as a yearly rate.</small> %	FINANCE CHARGE <small>The dollar amount the credit will cost you.</small> \$	Amount Financed <small>The amount of credit provided to you or on your behalf.</small> \$	Total of Payments <small>The amount you will have paid after you have made all payments as scheduled.</small> \$
--	---	--	---

You have the right to receive at this time 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

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		I want credit life insurance. Signature _____
Credit Disability		I want credit disability insurance. Signature _____
Credit Life and Disability		I want credit life and disability insurance. Signature _____

You may obtain property insurance from anyone you want that is acceptable to _____ (creditor). If you get the insurance from _____ (creditor), you will pay \$ _____.

Security: You are giving a security interest in:
 the goods or property being purchased.
 (brief description of other property).

Filing fees \$ _____ Non-filing insurance \$ _____

Late Charge: If a payment is late, you will be charged \$ _____ / _____ % of the payment.

Prepayment: If you pay off early, you
 may will not have to pay a penalty.
 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 required repayment in full before the scheduled date, and prepayment refunds and penalties.

_____ means an estimate

H-3—Amount Financed Itemization Model Form

Itemization of the Amount Financed of \$ _____

\$ _____ Amount given to you directly

\$ _____ Amount paid on your account

Amount paid to others on your behalf

\$ _____ to [public officials] [credit bureau] [appraiser] [insurance company]

\$ _____ to (name of another creditor)

\$ _____ to (other)

\$ _____ Prepaid finance charge

H-4(A)—Variable-Rate Model Clauses

The annual percentage rate may increase during the term of this transaction if:

[the prime interest rate of (creditor) increases.]
[the balance in your deposit account falls below \$_____.]
[you terminate your employment with (employer) .]

[The interest rate will not increase above _____%.]
[The maximum interest rate increase at one time will be _____%.]
[The rate will not increase more than once every (time period) .]

Any increase will take the form of:

[higher payment amounts.]
[more payments of the same amount.]
[a larger amount due at maturity.]

Example based on the specific transaction

[If the interest rate increases by _____% in (time period),
[your regular payments will increase to \$_____.]
[you will have to make _____ additional payments.]
[your final payment will increase to \$_____.]

Example based on a typical transaction

[If your loan were for \$_____ at _____% for (term) and the rate increased to _____% in (time period),
[your regular payments would increase by \$_____.]
[you would have to make _____ additional payments.]
[your final payment would increase by \$_____.]

H-4(B)—Variable-Rate Model Clauses

Your loan contains a variable-rate feature. Disclosures about the variable-rate feature have been provided to you earlier.

Rescission Model Form (General)

OF RIGHT TO CANCEL

Right to Cancel

By 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 14 business days from whichever of the following events occurs

the date of the transaction, which is

_____ ; or

the date you received your Truth in Lending disclosures; or the date you received this notice of your right to cancel.

If you cancel the transaction, the [mortgage/lien/security interest] is also cancelled. 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 cancelled, and we must return to you any money or property we have given to us or to anyone else in connection with this transaction.

If we have kept any money or property we have given you until we have done the things mentioned above, but you must then return the money or property. If it is impractical or impossible 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 lender as set forth below. If we do not take possession of the money or property within 20 calendar days of your offer, you may keep it without further obligation.

How to Cancel

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

(creditor's name and business address).

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 _____ (date) (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

Consumer's Signature Date

EXHIBIT G

Date: 07/20/2005
Loan No: 10238451

People's Choice Home Loan, Inc.

FEES AND CHARGES FOR YOUR LOAN TRANSACTION

What Fees and Charges Will You Pay?

Your loan transaction will involve a variety of fees and charges. Some of these are charged by the lender, some are charged by your mortgage broker, and some are charged by third parties such as appraisers, credit reporting agencies, closing agents and the like. In some cases, the fees charged by your mortgage broker or lender may include fees charged by the third parties. Fees and charges may be paid directly in cash at or before closing or, in some cases, they may be added to your loan amount (which will increase your loan payments). Please do not hesitate to ask your mortgage broker if you have any questions about any fees or charges.

What is the Role of Your Broker?

Your mortgage broker is your representative and is not an employee of the lender. You should look solely to your mortgage broker for information and advice concerning your loan, the loan terms and any associated fees and costs.

What are points?

One type of fee or charge in your loan transaction is called "points". A point is equal to one percent (1%) of your loan amount. Points are paid to the mortgage broker by you or your lender (or both) to compensate the broker for his services in connection with your loan. Points that you pay to the mortgage broker may be paid directly in cash at or before closing, or they may be added to your loan amount (which will increase your loan payments). The amount you pay will generally be referred to on your Good Faith Estimate and HUD-1 or HUD-1A Settlement Statement as "Mortgage Broker Fee."

In addition, you may pay points or other origination fees directly to the lender. Points that you pay to the lender may be paid directly in cash at or before closing, or they may be added to your loan amount (which will increase your payments). Points to the lender is a means to "buy down" the interest rate; thus, by paying more up front, you can lower the interest rate which is paid over time. The points you pay to the lender will generally be referred to on your Good Faith Estimate and HUD-1 or HUD-1A Settlement Statement as "Loan Origination Fee."

What is a Yield Spread Premium?

Points that the lender pays to the mortgage broker are often called "yield spread premium." Yield spread premiums are generally paid to the broker on loans that carry interest rates higher than those for which the borrower would otherwise qualify. You may choose a higher interest rate than the rate for which you would otherwise qualify. A higher interest rate results in higher monthly payments. However, the amount of the yield spread premium might be used to offset the mortgage broker fee you would otherwise pay to your mortgage broker. Thus, by "buying up" the interest rate you pay over time, you can reduce your up-front costs. The amount the lender pays to the mortgage broker will generally be referred to on your Good Faith Estimate and HUD-1 or HUD-1A Settlement Statement as "Yield Spread Premium."

How Are Your Loan Interest Rate, Points, and Fees Determined?

The interest rate, the amount of points that you pay to the lender and to the mortgage broker, the amount of points that the lender pays to the mortgage broker, the amount of any lender credit to borrower and the amount of other fees and charges that you pay in connection with your loan depend on a variety of factors and market conditions. In most cases, the amounts that you pay for some of these items will affect the amounts you pay for other items. You may be able to negotiate the amount of some or all of these items with your mortgage broker. This is something that you should discuss directly with your mortgage broker.

What Fees and Charges Will Be Disclosed to You?

The amount of points that you pay to the lender and to the mortgage broker, the amount of points that the lender pays to the mortgage broker, the amount of any lender credit to borrower and the amount of other fees and charges that you pay in connection with your loan will be estimated on your Good Faith Estimate form. The final amounts will be disclosed on your HUD-1 or HUD-1A Settlement Statement.

By signing below you acknowledge that you have read and understand this document. You also acknowledge that you have received a copy of this document.

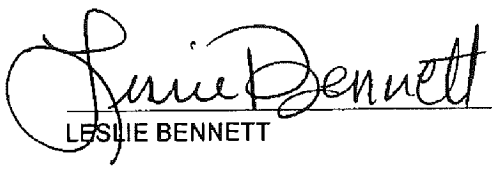

	7/20/05		7-20-05
LESLIE BENNETT	Date	PAUL DANIEL BENNETT	Date
_____	Date	_____	Date
_____	Date	_____	Date

EXHIBIT H

High Cost Mortgage Worksheet

Hub/Loan No: 110 10238451 (CA)

Borrower: BENNETT, LESLIE

Section 1 (cont.)

4 Calculate the Total Points And Fees

	Ppd Fin. Chrg	Prepaid Int.	4(C)7 Charges	Total Points/Fees
(1)	19,150.95	- 1,132.95	+ \$368.00	= \$18,386.00
(2)	\$0.00	- \$0.00	+ \$0.00	= \$0.00
(3)	19,150.95	- 1,132.95	+ \$368.00	= \$18,386.00

5 Divide Total Points And Fees By Amount Financed And Multiply By 100

	Total Points and Fees		Amount Financed				
(1)	\$18,386.00	/	\$675,849.05	X	100	=	2.720%
(2)	\$0.00	/	\$695,000.00	X	100	=	0.000%
(3)	\$18,386.00	/	\$675,849.05	X	100	=	2.720%
		/		X	100	=	
		/		X	100	=	
		/		X	100	=	
		/		X	100	=	
		/		X	100	=	
		/		X	100	=	
		/		X	100	=	

6 Is the Percentage Above in line 5 Greater than ?

(1) 7.99%	(2) 4.99%	(3) 7.99%		
NO	N/A	NO		

Section 2

1 Date Loan Application Received By Lender: 07/14/2005

2 Treasury Indices for the 15th Day of the month prior to date of application in (LINE 1): 30 YR 4.490%

3 Annual Percentage Rate as listed on the Federal Truth In Lending Disclosure: 9.689%

4 High-Cost Trigger Rate: (Line 2)

(1) 8.00%	(2) N/A	(3) N/A		
12.490%	N/A	N/A		

5 Is the A.P.R. (Line 3) Greater than the High-Cost Trigger Rate(s) from Line 4 ?

NO	N/A	N/A		

High-Cost Determination:

	Yes	No
(1) High-cost according to federal Section 32 tests.		X
(2) High-cost according to Fannie Mae tests.		X
(3) High-cost according to PCHLI for fees <= 7.99% of amt financed		X

EXHIBIT I

Loan Number 10238451

**ADJUSTABLE RATE NOTE
(LIBOR Six-Month Index (As Published In The Wall Street Journal)-Rate Caps)
Including Prepayment Penalty**

THIS NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN MY INTEREST RATE AND MY MONTHLY PAYMENT. THIS NOTE LIMITS THE AMOUNT MY ADJUSTABLE INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE I MUST PAY.

07/20/2005
[Date]

IRVINE
[City]

CALIFORNIA
[State]

107 AVENIDA SAN DIMAS, SAN CLEMENTE, CALIFORNIA 92672
[Property Address]

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$ 695,000.00 (this amount is called "Principal"), plus interest, to the order of Lender. Lender is PEOPLE'S CHOICE HOME LOAN, INC. a WYOMING CORPORATION.

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

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

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of 8.500% . The interest rate I will pay may change in accordance with Section 4 of this Note.

The interest rate required by this Section 2 and Section 4 of this Note is the rate I will pay both before and after any default described in Section 7(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

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

I will make my monthly payments on the 1st day of each month beginning on September 1, 2005. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on August 1, 2035, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

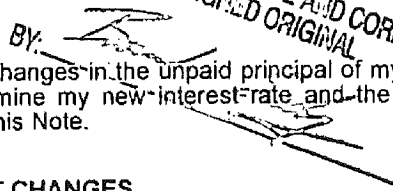
I will make my monthly payments at P.O. Box 52678, Irvine, CA 92619 or at a different place if required by the Note Holder.

(B) Amount of My Initial Monthly Payments

Each of my initial monthly payments will be in the amount of U.S. \$ 5,343.95 . This amount may change.

(C) Monthly Payment Changes

Changes in my monthly payment will reflect changes in the unpaid principal of my loan and in the interest rate that I must pay. The Note Holder will determine my new interest rate and the changed amount of my monthly payment in accordance with Section 4 of this Note.

CERTIFIED TO BE TRUE AND CORRECT
COPY OF THE SIGNED ORIGINAL
BY: 

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Date(s)

The interest rate I will pay may change on the 1st day of August, 2007 and every 6th month(s) thereafter. Each date on which my interest rate could change is called a "Change Date."



(B) The Index

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the average of interbank offered rates for six month U.S. dollar-denominated deposits in the London market ("LIBOR"), as published in the Wall Street Journal. The most recent Index figure available as of the date 45 days before each Change Date is called the "Current Index."

If the Index is no longer available, the Note Holder will choose a new index that is based upon comparable information. The Note Holder will give me notice of this choice.

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding five and three-quarters percentage points (5.750%) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than 11.500% or less than 8.500%. Thereafter, my interest rate will never be increased or decreased on any single Change Date by more than one percentage point(s) (1.000%) from the rate of interest I have been paying for the preceding 6 months.

My interest rate will never be greater than 14.500%. My interest rate will never be less than 8.500%.

(E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(F) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in my interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given to me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

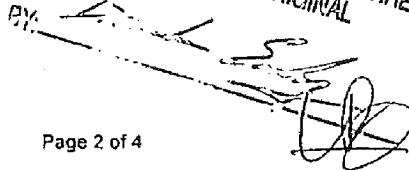
5. BORROWER'S RIGHT TO PREPAY

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

The Note Holder will use my Prepayment to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to any accrued and unpaid interest on the Prepayment amount before applying my Prepayment to reduce the Principal amount of this Note. If I make a partial Prepayment, there will be no changes in the due dates of my monthly payments unless the Note Holder agrees in writing to those changes. My partial Prepayment may reduce the amount of my monthly payments after the first Change Date following my partial Prepayment. However, any reduction due to my partial prepayment may be offset by an increase in the interest rate.

If within Twenty-four (24) months from the date of execution of the Security Instrument, I make full Prepayment or partial Prepayment, and the total of such Prepayment(s) in any 12-month period exceeds twenty percent (20%) of the original Principal amount of the loan, I will pay a Prepayment charge in an amount equal to 6 months' advance interest on the amount by which the total of my Prepayment(s) within that 12-month period exceeds twenty percent (20%) of the original Principal amount of the loan.

CERTIFIED TO BE A TRUE AND CORRECT COPY OF THE SIGNED ORIGINAL

BY: 

Initials: PAB

6. LOAN CHARGES

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

7. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charges for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 15 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 5.000% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

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

(C) Notice of Default

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

(D) No Waiver By Note Holder

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

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

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

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

8. GIVING OF NOTICES

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

9. OBLIGATIONS OF PERSONS UNDER THIS NOTE

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

10. WAIVERS

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

adjnote3 09/26/01

Page 3 of 4.

NOTED, REVIEWED AND CORRECT
SIGNED ORIGINAL
[Handwritten signature]

Initials: *[Handwritten initials: FDB]*

11. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses that might result if I do not keep the promises that I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions read as follows:

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by Applicable Law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender also may require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

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

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

Leslie Bennett (Seal)
LESLIE BENNETT -Borrower

Paul Daniel Bennett (Seal)
PAUL DANIEL BENNETT -Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

{Sign Original Only}

NOT RECORDED AND CORRECT
FILED ORIGINAL

EXHIBIT J



18008 Sky Park Circle, #200
Irvine, CA 92614

Phone: (949) 442-0412
Fax: (949) 442-0417

BORROWER'S FINAL SETTLEMENT STATEMENT

PROPERTY: 107 Avenida San Dimas San Clemente, CA 92672 **DATE:** July 26, 2005
BORROWER: Leslie Bennett and Paul Daniel Bennett **CLOSING DATE:** July 25, 2005
ESCROW NO.: 50014327

	<u>DEBITS</u>	<u>CREDITS</u>
FINANCIAL CONSIDERATION		
New 1st Trust Deed		695,000.00
PAYOFF CHARGES - LITTON		
[Total Payoff \$518,002.30]		
Principal Balance	500,000.00	
Interest on Principal Balance from 07/01/2005 to 07/27/2005	2,770.26	
Obligation Fee	45.00	
Recording Fee	21.00	
Late Charges	156.04	
Prepayment Penalty	14,980.00	
Statement Fee	30.00	
PAYOFF CHARGES - WASHINGTON MUTUAL		
[Total Payoff \$97,407.40]		
Principal Balance	95,377.76	
Interest on Principal Balance to 07/27/2005	1,523.64	
Recording Fee	6.00	
Prepayment Penalty	500.00	
LOAN INFORMATION - People's Choice Home Loan, Inc.		
[Charges \$18,068.95]		
Loan Origination Fee to MC Funding, Inc.	13,900.00	
Appraisal Fee POC \$350.00 to MC Funding, Inc.		
Credit Report to MC Funding, Inc.	18.00	
Tax Service to People's Choice Home Loan, Inc.	70.00	
Appraisal Review Fee to People's Choice Home Loan, Inc.	210.00	
Processing Fee to MC Funding, Inc.	695.00	
Admin Fee to MC Funding, Inc.	850.00	
Application Fee to MC Funding, Inc.	395.00	
Yield Spread Premium paid by Lender POC \$6,950.00 to MC Funding, Inc.		
Underwriting Fee to People's Choice Home Loan, Inc.	485.00	
Funding Fee to People's Choice Home Loan, Inc.	300.00	
Flood Determination Fee to People's Choice Home Loan, Inc.	13.00	
Interest at \$161.8500/day from 07/25/2005 to 08/01/2005 to People's Choice Home Loan, Inc.	1,132.95	
OTHER DEBITS/CREDITS		
Professional Signing Notary and Signing Fee		150.00
TITLE/TAXES/RECORDING CHARGES		
ALTA Loan Policy Fee to Stewart Title of California, Inc.	1,481.20	
Wire & overnite fee to Stewart Title of California, Inc.	57.00	
Hold until loan show pd off to Stewart Title of California, Inc.	1,450.00	
Recording Grant Deed	20.00	
Recording Trust Deed	90.00	
Delinquent Taxes	1,270.14	
ESCROW CHARGES		
Escrow Fee	650.00	
Drawing Grant Deed	100.00	
Messenger Fee to ORANGE COUNTY MESSENGER SERVICE	14.00	
Special Courier	25.00	
Refund		56,214.01
TOTAL	\$ 695,000.00	\$ 695,000.00

CERTIFIED TO BE A TRUE AND CORRECT COPY OF THE SIGNED ORIGINAL

BY:  EXHIBIT J
Page 419

Date: July 26, 2005

Escrow No.: 50014327

Page 2 of 2:

DEBITS

CREDITS

CERTIFIED TO BE A TRUE AND CORRECT
COPY OF THE SIGNED ORIGINAL

BY:  _____
EXHIBIT J



18008 Sky Park Circle, #200
Irvine, CA 92614

Phone: (949) 442-0412
Fax: (949) 442-0417

People's Choice Home Loan, Inc.
7515 Irvine Center Drive
Irvine, CA 92618

Date: July 26, 2005
Escrow No. 50014327
Borrower: Leslie Bennett and Paul Daniel Bennett

Re: Loan Number: 110-10238451
Property Address: 107 Avenida San Dimas San Clemente, CA 92672

The above referenced escrow closed on July 25, 2005 and we enclose the following for your records:

RESPA
Closing Statement(s)

We appreciate having the opportunity of working with you. If there are any items you want furnished to you, please let us know so that we may provide them. If you have any questions, please call us.

Sincerely,

Joan Nasser
Escrow Officer



18008 Sky Park Circle, #200
Irvine, CA 92614

Phone: (949) 442-0412
Fax: (949) 442-0417

BORROWER'S ESTIMATED CLOSING COSTS

PROPERTY: 107 Avenida San Dimas
San Clemente, CA 92672
DATE: July 25, 2005

BORROWER: Leslie Bennett and Paul Daniel Bennett
CLOSING DATE: July 25, 2005
ESCROW NO.: 50014327

	<u>DEBITS</u>	<u>CREDITS</u>
FINANCIAL CONSIDERATION		
New 1st Trust Deed		695,000.00
PAYOFF CHARGES - LITTON		
[Total Payoff \$518,397.70]		
Principal Balance	500,000.00	
Interest on Principal Balance to 07/22/2005	2,257.26	
Interest on Principal Balance at \$102.6000/day from 07/23/2005 to 08/01/2005	923.40	
Obligation Fee		
Recording Fee	46.00	
Fax Fee(s)	21.00	
Late Charges	15.00	
Prepayment Penalty	158.04	
	14,980.00	
PAYOFF CHARGES - WASHINGTON MUTUAL		
[Total Payoff \$97,557.40]		
Principal Balance	96,377.76	
Interest on Principal Balance to 07/27/2005	1,523.64	
Recording Fee	6.00	
Prepayment Penalty	500.00	
Misc Interest to 8/1 estimate	150.00	
LOAN INFORMATION - People's Choice Home Loan, Inc.		
[Charges \$18,068.95]		
Loan Origination Fee to MC Funding, Inc.	13,900.00	
Appraisal Fee POC \$350.00 to MC Funding, Inc.		
Credit Report to MC Funding, Inc.	18.00	
Tax Service to People's Choice Home Loan, Inc.	70.00	
Appraisal Review Fee to People's Choice Home Loan, Inc.	210.00	
Processing Fee to MC Funding, Inc.	695.00	
Admin Fee to MC Funding, Inc.	850.00	
Application Fee to MC Funding, Inc.	395.00	
Yield Spread Premium paid by Lender POC \$6,950.00 to MC Funding, Inc.		
Underwriting Fee to People's Choice Home Loan, Inc.	485.00	
Funding Fee to People's Choice Home Loan, Inc.	300.00	
Flood Determination Fee to People's Choice Home Loan, Inc.	13.00	
Interest at \$161.8500/day from 07/25/2005 to 08/01/2005 to People's Choice Home Loan, Inc.	1,132.95	
OTHER DEBITS/CREDITS		
INSURANCE PREMIUM (EST/IF REQUIRED) for Fire Insurance	600.00	
SIGNING FEE for	150.00	
TITLE/TAXES/RECORDING CHARGES		
ALTA Loan Policy Fee to Stewart Title of California, Inc.	1,481.20	
Policy Endorsements to Stewart Title of California, Inc.	150.00	
Recording Grant Deed	25.00	
Recording Trust Deed	100.00	
Delinquent Taxes	1,270.14	
ESCROW CHARGES		
Escrow Fee	650.00	
Drawing Grant Deed	100.00	
Refund	56,449.81	
TOTAL	\$ 695,000.00	\$ 695,000.00

THIS IS AN ESTIMATE ONLY AND FIGURES ARE SUBJECT TO CHANGE

JUL 25 2005 10:16AM

94 Desc Exhibit J Page 6 of 6

NO. 9398 P. 10/10

Date: July 25, 2005

Escrow No.: 50014327

Page 2 of 2:

DEBITS

CREDITS

Leslie Bennett

Paul Daniel Bennett

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

Winston & Strawn LLP, 333 S. Grand Avenue, Los Angeles, CA 90071-1543

A true and correct copy of the foregoing document entitled (*specify*):

**MOTION FOR ORDER DISALLOWING PROOF OF CLAIM OF PAUL AND LESLIE BENNETT;
DECLARATIONS OF TAMARA D. MCGRATH, GREGORY A. MARTIN AND NICOLE K.
O'SULLIVAN IN SUPPORT THEREOF**

will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) 11/12/2013, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*) 11/12/2013, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Hon. Robert Kwan
United States Bankruptcy Court
255 E. Temple Street, Suite 1682
Los Angeles, CA 90012
Via overnight mail with FedEx
Tracking number: 797138311200

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) _____, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

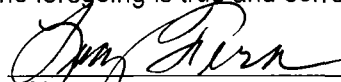
I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

November 12, 2013

Lucy Fera

Date

Printed Name


Signature

I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (“NEF”):

Jose D Alarcon jalarcon@bettzedek.org
Daniel L Alexander daniel@colemanfrost.com
Todd M Arnold tma@lnbyb.com
Alvin M Ashley mashley@irell.com
Daniel I Barness daniel@spiromoss.com
Henkie F Barron hfbarron@gmail.com
Richard J Bauer rbauer@mileslegal.com
Ron Bender rb@lnbyb.com
Patrick K Bruso generalmail@alvarado.ca.com
Andrew W Caine acaine@pszyjw.com
Rebecca J Callahan rcallahan@callahanlaw.biz
Theodore A Cohen tcohen@sheppardmullin.com, amontoya@sheppardmullin.com
Deborah Conley bankruptcyecfmail@mccallarayer.com
Vincent M Coscino vcoscino@allenmatkins.com, jaallen@allenmatkins.com
Paul J Couchot pcouchot@winthropcouchot.com,
pj@winthropcouchot.com;jstuhlmiller@winthropcouchot.com;vcorbin@winthropcouchot.com
Theron S Covey tcovey@coveylawpc.com
Kevin A Crisp kcrisp@irell.com
Peter A Davidson pdavidson@mdfslaw.com, lpekru@ecjlaw.com
Joseph C Delmotte efcacb@piteduncan.com
Willis B Douglass Willis.B.Douglass@irscounsel.treas.gov
Jeffrey W Dulberg jdulberg@pszjlaw.com
Theresa H Dykoschak tdykoschak@faegre.com
Louis J Esbin Esbinlaw@sbcglobal.net
Charles J Filardi abothwell@filardi-law.com
H Alexander Fisch afisch@stutman.com
Parisa Fishback pfishback@fishbacklawgroup.com
Steven B Flancher flanchers@michigan.gov
J Rudy Freeman rfreeman@linerlaw.com
Anthony A Friedman aaf@lnbyb.com
Jerome Bennett Friedman jfriedman@jbflawfirm.com,
msobkowiak@jbflawfirm.com;jmartinez@jbflawfirm.com;sbiegenzahn@jbflawfirm.com
Jose A Garcia efcacb@piteduncan.com
Jeffrey K Garfinkle bkgroup@buchalter.com,
jgarfinkle@buchalter.com;docket@buchalter.com;dcyrankowski@buchalter.com;smartin@buchalter.com
Oscar Garza ogarza@gibsondunn.com
Nancy S Goldenberg nancy.goldenberg@usdoj.gov
Stanley E Goldich sgoldich@pszyjw.com
Stanley E Goldich sgoldich@pszjlaw.com
Stanley E Goldich sgoldich@pszjlaw.com
Richard H Golubow rgolubow@winthropcouchot.com,
pj@winthropcouchot.com;vcorbin@winthropcouchot.com
Ronald F Greenspan ron.greenspan@fticonsulting.com
Kevin Hahn kevin@mclaw.org
Farhad Hajimirzaee fhajimirzaee@winston.com

Matthew W Hamilton mhamilton@fulcruminv.com
D Edward Hays ehays@marshackhays.com, ecfmarshackhays@gmail.com
Daniel L Hembree efcacbsfv@piteduncan.com
Garrick A Hollander ghollander@winthropcouchot.com,
pj@winthropcouchot.com;vcorbin@winthropcouchot.com;jstuhlmiller@winthropcouchot.com
Thomas J Holthus bknotice@mccarthyholthus.com
Gil Hopenstand ghopenstand@wwolawyers.com
David I Horowitz david.horowitz@kirkland.com,
keith.catuara@kirkland.com;terry.ellis@kirkland.com;jay.bhimani@kirkland.com
Eric D. Houser sleere@houser-law.com
James KT Hunter jhunter@pszjlaw.com
Jay W Hurst jay.hurst@texasattorneygeneral.gov, sherri.simpson@texasattorneygeneral.gov
Lance N Jurich ljurich@loeb.com, karnote@loeb.com;ladocket@loeb.com
Ivan L Kallick ikallick@manatt.com, ihernandez@manatt.com
David Kaplan dkaplan@irell.com
John W Kim jkim@nossaman.com
Benjamin J Kimberley bkimberley@winston.com,
kmorris@winston.com;hhammon@winston.com;docketsf@winston.com
Jessica Kronstadt jessica.kronstadt@lw.com
Donna L La Porte donna@laportelaw.net
David B Lally davidlallylaw@gmail.com
Ian Landsberg ilandsberg@landsberg-law.com, bgomelsky@landsberg-law.com;ssaad@landsberg-
law.com;dzuniga@landsberg-law.com
Scott Lee slee@lbbslaw.com
Leib M Lerner leib.lerner@alston.com
Peter W Lianides plianides@winthropcouchot.com,
pj@winthropcouchot.com;vcorbin@winthropcouchot.com
Ganna Liberchuk gliberchuk@haincapital.com
Kerri A Lyman klyman@irell.com
William Malcolm bill@mclaw.org
Gregory A Martin gmartin@winston.com
Laura E Mascheroni lmascheroni@corbsteel.com
David E McAllister efcacb@piteduncan.com
David J McCarty dmccarty@sheppardmullin.com
Christopher M McDermott efcacb@piteduncan.com
Scotta E McFarland smcfarland@pszjlaw.com, smcfarland@pszjlaw.com
David W. Meadows david@davidwmeadowslaw.com
Robert K Minkoff rminkoff@jefferies.com
Catherine A Moscarello - SUSPENDED - catherine@moscarellolaw.com
Tania M Moyron tmoyron@peitzmanweg.com
Randall P Mroczynski randym@cookseylaw.com
Sean A Okeefe sokeefe@okeefelc.com
John D Ott Jott@jldlawyers.com
Daryl G Parker dparker@pszjlaw.com
Renee M Parker bknotice@earthlink.net, rmparker@wrightlegal.net
JaVonne M Phillips bknotice@mccarthyholthus.com
Dean G Rallis Jr drallis@sulmeyerlaw.com

Kurt Ramlo kr@lnbyb.com, marla@lnbyb.com
Justin E Rawlins jrawlins@winston.com, docketla@winston.com
Richard J Reynolds rreynolds@bwsllaw.com,
psoeffner@bwsllaw.com;dwetters@bwsllaw.com;mslobodien@bwsllaw.com
Jeremy V Richards jrichards@pszjlaw.com, bdassa@pszjlaw.com;imorris@pszjlaw.com
Karen Rinehart krinehart@omm.com
Ronald D. Roup ecf@rouplaw.com
Eric E Sagerman esagerman@winston.com, docketla@winston.com
Nicholas W Sarris nsarris@pecklaw.com, dcanton@pecklaw.com
Robert M Saunders rsaunders@pszjlaw.com, rsaunders@pszjlaw.com
Kristin A Schuler-Hintz bknotice@mccarthyholthus.com
Nathan A Schultz nschultzesq@gmail.com
William R Shafton wshafton@winston.com
David B Shemano dshemano@peitzmanweg.com
Timothy J Silverman tim@sgsslaw.com
Michael R Stewart mstewart@faegre.com
Sean Sullivan seansullivan@dwt.com
Julia Szafraniec bknotice@mccarthyholthus.com
Derrick Talerico dtalerico@intlaw.com, kpresson@loeb.com
Patricia B Tomasco ptomasco@mailbmc.com
Robert Trodella robert.trodella@hellerehrman.com
Robert Trodella rtrodella@jonesday.com
United States Trustee (SA) ustpreion16.sa.ecf@usdoj.gov
Darlene C Vigil cdcaecf@bdfgroup.com
Andrew F Whatnall awhatnall@daca4.com
John M White - SUSPENDED - scleere@houser-law.com
David L Wilson dlwilson@winston.com
Marc J Winthrop mwinthrop@winthropicouchot.com,
pj@winthropicouchot.com;vcorbin@winthropicouchot.com
David M Wiseblood dwiseblood@seyfarth.com, dmwadmin@wisebloodlaw.com
Jennifer C Wong bknotice@mccarthyholthus.com
Rolf S Woolner rwoolner@winston.com
Donald A Workman dworkman@bakerlaw.com
S Christopher Yoo cyoo@alvaradosmith.com, mault@alvaradosmith.com
Les A Zieve bankruptcy@zivelaw.com

II. SERVED BY U.S. MAIL:

Office of U.S. Trustee

The Office of the United States Trustee
725 S. Figueroa Street, 26th Floor
Los Angeles, CA 90017

Nancy S Goldenberg
411 W Fourth St Ste 9041
Santa Ana, CA 92701-8000

Attorney for Paul and Leslie Bennett

Paul and Leslie Bennett
c/o Timothy George McFarlin Esq.
Law Offices of Timothy George McFarlin
P.O. Box 6035
Irvine, California 92616