

UNITED STATES BANKRUPTCY COURT <u>Middle</u> DISTRICT OF <u>Florida</u>		<b>PROOF OF CLAIM</b>
Name of Debtor <u>Taylor Bean Whitaker Mortgage Corp.</u>		<div style="font-size: 2em; font-weight: bold; margin: 0;">FILED</div> <div style="margin: 0;">JACKSONVILLE, FLORIDA</div> <div style="margin: 0;">SEP 02 2009</div> <div style="margin: 0;">CLERK, U. S. BANKRUPTCY COURT</div> <div style="margin: 0;">MIDDLE DISTRICT OF FLORIDA</div>
Case Number <u>09-07047</u>		
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): <u>Mary Hamel-Schwulst, Ph.D.</u>		
Name and address where notices should be sent: <u>Mary Hamel-Schwulst, Ph.D.</u> <u>242 Woodman Ave</u> <u>Rose Christian, MS 39571</u> Telephone number: <u>228 697 5739</u>		<div style="font-size: 0.8em;">THIS SPACE IS FOR COURT USE ONLY</div>
Account or other number by which creditor identifies debtor: <u>Case number 281-3325602 FHA</u> <u>loan account number 20071102127361</u>		
<div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> 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.  <input type="checkbox"/> Check box if you have never received any notices from the bankruptcy court in this case.  <input type="checkbox"/> Check box if the address differs from the address on the envelope sent to you by the court.         </div> <div>           Check here <input type="checkbox"/> replaces a previously filed claim, dated: _____  <input type="checkbox"/> amends         </div> </div>		
<b>1. Basis for Claim</b> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input type="checkbox"/> Goods sold  <input type="checkbox"/> Services performed  <input checked="" type="checkbox"/> Money loaned  <input type="checkbox"/> Personal injury/wrongful death  <input type="checkbox"/> Taxes  <input checked="" type="checkbox"/> Other <u>Mortgage Fraud (Underwriting, Processing, Servicing)</u> </div> <div style="width: 45%;"> <input type="checkbox"/> Retiree benefits as defined in 11 U.S.C. § 1114(a)  <input type="checkbox"/> Wages, salaries, and compensation (fill out below)            Your SS #: _____            Unpaid compensation for services performed from _____ (date) to _____ (date)         </div> </div>		
<b>2. Date debt was incurred:</b> <u>November 26, 2009</u>		<b>3. If court judgment, date obtained:</b> _____
<b>4. Total Amount of Claim at Time Case Filed:</b> \$ _____ If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below. <input type="checkbox"/> 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.		
<b>5. Secured Claim.</b> <input checked="" type="checkbox"/> Check this box if your claim is secured by collateral (including a right of setoff). Brief Description of Collateral: <input checked="" type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other _____ Value of Collateral: \$ <u>145,000.00</u> Amount of arrearage and other charges at time case filed included in secured claim, if any: \$ _____		<b>6. Unsecured Priority Claim.</b> <input type="checkbox"/> Check this box if you have an unsecured priority claim Amount entitled to priority \$ _____ Specify the priority of the claim: <input type="checkbox"/> Wages, salaries, or commissions (up to \$4,650)* earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever earlier - 11 U.S.C. § 507(a)(3). <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(4). <input type="checkbox"/> Up to \$2,100* of deposits toward purchase, lease, or rental of property or personal, family, or household use - 11 U.S.C. § 507(a)(6). <input type="checkbox"/> Maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8). <input type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. § 507(a)(____). <small>*Amounts are subject to adjustment on 4/1/04 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.</small>
<b>7. Credits:</b> The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.		<div style="font-size: 0.8em;">THIS SPACE IS FOR COURT USE ONLY</div>
<b>8. Supporting Documents:</b> 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.		
<b>9. Date-Stamped Copy:</b> To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.		
Date <u>Aug 29, 2009</u>	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): <u>Mary Hamel-Schwulst</u>	
Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both.		

T, B &amp; W Mortgage Corp.



00061

TRUE AND CORRECT COPY  
BY: mm

After recording please return to:

CountryPlace Mortgage, LTD  
[Company Name]

[Name of Natural Person]

15303 Dallas Parkway, Suite 900  
[Street Address]

Addison, TX 75001  
[City, State Zip Code]

972-764-9200  
[Telephone No.]

Prepared by:

PeirsonPatterson, L.L.P.  
[Company Name]

4400 Alpha Road  
[Street Address]

Dallas, TX 75244  
[City, State Zip Code]

972-392-7770  
[Telephone No.]

[Space Above This Line For Recording Data]

## DEED OF TRUST

FHA Case No.  
281-3325602-703

MIN: 123031300000180114

Loan No.: sw200706140000

THIS DEED OF TRUST ("Security Instrument") is made on November 26, 2007.

The grantor is Mary Hamel Schwulst, an unmarried woman

("Borrower").

The trustee is US Title

("Trustee").

The lender is CountryPlace Mortgage, LTD,  
which is organized and existing under the laws of Texas

, and whose address is

15303 Dallas Parkway, Suite 900, Addison, TX 75001

("Lender"). The beneficiary under this Security Instrument is Mortgage Electronic Registration Systems, Inc. ("MERS"). MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. 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. Borrower owes Lender the principal sum of One Hundred Two Thousand Five Hundred Fifteen and 00/100ths Dollars (U.S. \$102,515.00). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on March 1, 2038. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under Paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements

sw200706140000

under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with the power of sale, the following described property located in Harrison County, Mississippi: See exhibit "A" attached hereto and made a part hereof.

which currently has the address of 242 Woodman Avenue

Pass Christian, Mississippi 39571 ("Property Address"):  
[City] [Street] [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 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 and Late Charge.** Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note and late charges due under the Note.

2. **Monthly Payment of Taxes, Insurance and Other Charges.** Borrower shall include in each monthly payment, together with the principal and interest as set forth in the Note and any late charges, a sum for (a) taxes and special assessments levied or to be levied against the Property, (b) leasehold payments or ground rents on the Property, and (c) premiums for insurance required under Paragraph 4. In any year in which the Lender must pay a mortgage insurance premium to the Secretary of Housing and Urban Development ("Secretary"), or in any year in which such premium would have been required if Lender still held the Security Instrument, each monthly payment shall also include either: (i) a sum for the annual mortgage insurance premium to be paid by Lender to the Secretary, or (ii) a monthly charge instead of a mortgage insurance premium if this Security Instrument is held by the Secretary, in a reasonable amount to be determined by the Secretary. Except for the monthly charge by the Secretary, these items are called "Escrow Items" and the sums paid to Lender are called "Escrow Funds."

Lender may, at any time, collect and hold amounts for Escrow Items in an aggregate amount not to exceed the maximum amount that may be required for Borrower's escrow account under the Real Estate Settlement

Procedures Act of 1974, 12 U.S.C. § 2601 et seq. and implementing regulations, 24 CFR Part 3500, as they may be amended from time to time ("RESPA"), except that the cushion or reserve permitted by RESPA for unanticipated disbursements or disbursements before Borrower's payments are available in the account may not be based on amounts due for the mortgage insurance premium.

If the amounts held by Lender for Escrow Items exceed the amounts permitted to be held by RESPA, Lender shall account to Borrower for the excess funds as required by RESPA. If the amounts of funds held by Lender at any time are not sufficient to pay the Escrow Items when due, Lender may notify the Borrower and require Borrower to make up the shortage as permitted by RESPA.

The Escrow Funds are pledged as additional security for all sums secured by this Security Instrument. If Borrower tenders to Lender the full payment of all such sums, Borrower's account shall be credited with the balance remaining for all installment items (a), (b), and (c) and any mortgage insurance premium installment that Lender has not become obligated to pay to the Secretary, and Lender shall promptly refund any excess funds to Borrower. Immediately prior to a foreclosure sale of the Property or its acquisition by Lender, Borrower's account shall be credited with any balance remaining for all installments for items (a), (b), and (c).

3. **Application of Payments.** All payments under Paragraphs 1 and 2 shall be applied by Lender as follows:

First, to the mortgage insurance premium to be paid by Lender to the Secretary or to the monthly charge by the Secretary instead of the monthly mortgage insurance premium;

Second, to any taxes, special assessments, leasehold payments or ground rents, and fire, flood and other hazard insurance premiums, as required;

Third, to interest due under the Note;

Fourth, to amortization of the principal of the Note; and

Fifth, to late charges due under the Note.

4. **Fire, Flood and Other Hazard Insurance.** Borrower shall insure all improvements on the Property, whether now in existence or subsequently erected, against any hazards, casualties, and contingencies, including fire, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. Borrower shall also insure all improvements on the Property, whether now in existence or subsequently erected, against loss by floods to the extent required by the Secretary. All insurance shall be carried with companies approved by Lender. The insurance policies and any renewals shall be held by Lender and shall include loss payable clauses in favor of, and in a form acceptable to, Lender.

In the event of loss, Borrower shall give Lender immediate notice by mail. Lender may make proof of loss if not made promptly by Borrower. Each insurance company concerned is hereby authorized and directed to make payment for such loss directly to Lender, instead of to Borrower and to Lender jointly. All or any part of the insurance proceeds may be applied by Lender, at its option, either (a) to the reduction of the indebtedness under the Note and this Security Instrument, first to any delinquent amounts applied in the order of Paragraph 3, and then to prepayment of principal, or (b) to the restoration or repair of the damaged property. Any application of the proceeds to the principal shall not extend or postpone the due date of the monthly payments which are referred to in Paragraph 2, or change the amount of such payments. Any excess insurance proceeds over an amount required to pay all outstanding indebtedness under the Note and this Security Instrument shall be paid to the entity legally entitled thereto.

In the event of foreclosure of this Security Instrument or other transfer of title to the Property that extinguishes the indebtedness, all right, title and interest of Borrower in and to insurance policies in force shall pass to the purchaser.

5. **Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds.** Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument (or within sixty days of a later sale or transfer of the Property) and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender determines that requirement will cause undue hardship for Borrower, or unless

extenuating circumstances exist which are beyond Borrower's control. Borrower shall notify Lender of any extenuating circumstances. Borrower shall not commit waste or destroy, damage or substantially change the Property or allow the Property to deteriorate, reasonable wear and tear excepted. Lender may inspect the Property if the Property is vacant or abandoned or the loan is in default. Lender may take reasonable action to protect and preserve such vacant or abandoned Property. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and fee title shall not be merged unless Lender agrees to the merger in writing.

6. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in place of condemnation, are hereby assigned and shall be paid to Lender to the extent of the full amount of the indebtedness that remains unpaid under the Note and this Security Instrument. Lender shall apply such proceeds to the reduction of the indebtedness under the Note and this Security Instrument, first to any delinquent amounts applied in the order provided in Paragraph 3, and then to prepayment of principal. Any application of the proceeds to the principal shall not extend or postpone the due date of the monthly payments, which are referred to in Paragraph 2, or change the amount of such payments. Any excess proceeds over an amount required to pay all outstanding indebtedness under the Note and this Security Instrument shall be paid to the entity legally entitled thereto.

7. **Charges to Borrower and Protection of Lender's Rights in the Property.** Borrower shall pay all governmental or municipal charges, fines and impositions that are not included in Paragraph 2. Borrower shall pay these obligations on time directly to the entity which is owed the payment. If failure to pay would adversely affect Lender's interest in the Property, upon Lender's request Borrower shall promptly furnish to Lender receipts evidencing these payments.

If Borrower fails to make these payments or the payments required by Paragraph 2, or fails to perform any other covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, for condemnation or to enforce laws or regulations), then Lender may do and pay whatever is necessary to protect the value of the Property and Lender's rights in the Property, including payment of taxes, hazard insurance and other items mentioned in Paragraph 2.

Any amounts disbursed by Lender under this Paragraph shall become an additional debt of Borrower and be secured by this Security Instrument. These amounts shall bear interest from the date of disbursement, at the Note rate, and at the option of Lender shall be immediately due and payable.

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; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of the lien; 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 may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

8. **Fees.** Lender may collect fees and charges authorized by the Secretary.

9. **Grounds for Acceleration of Debt.**

(a) **Default.** Lender may, except as limited by regulations issued by the Secretary in the case of payment defaults, require immediate payment in full of all sums secured by this Security Instrument if:

(i) Borrower defaults by failing to pay in full any monthly payment required by this Security Instrument prior to or on the due date of the next monthly payment, or

(ii) Borrower defaults by failing, for a period of thirty days, to perform any other obligations contained in this Security Instrument.

(b) **Sale Without Credit Approval.** Lender shall, if permitted by applicable law (including section 341(d) of the Garn-St Germain Depository Institutions Act of 1982, 12 U.S.C. § 1701j-3(d)) and with the prior approval of the Secretary, require immediate payment in full of all the sums secured by this Security Instrument if

(i) All or part of the Property, or a beneficial interest in a trust owning all or part of the Property, is sold or otherwise transferred (other than by devise or descent), and

(ii) The Property is not occupied by the purchaser or grantee as his or her principal residence, or the purchaser or grantee does so occupy the Property, but his or her credit has not been approved in accordance with the requirements of the Secretary.

(c) **No Waiver.** If circumstances occur that would permit Lender to require immediate payment in full, but Lender does not require such payments, Lender does not waive its rights with respect to subsequent events.

(d) **Regulations of HUD Secretary.** In many circumstances regulations issued by the Secretary will limit Lender's rights, in the case of payment defaults, to require immediate payment in full and foreclose if not paid. This Security Instrument does not authorize acceleration or foreclosure if not permitted by regulations of the Secretary.

(e) **Mortgage Not Insured.** Borrower agrees that if this Security Instrument and the Note are not determined to be eligible for insurance under the National Housing Act within 60 days from the date hereof, Lender may, at its option require immediate payment in full of all sums secured by this Security Instrument. A written statement of any authorized agent of the Secretary dated subsequent to 60 days from the date hereof, declining to insure this Security Instrument and the Note, shall be deemed conclusive proof of such ineligibility. Notwithstanding the foregoing, this option may not be exercised by Lender when the unavailability of insurance is solely due to Lender's failure to remit a mortgage insurance premium to the Secretary.

10. **Reinstatement.** Borrower has a right to be reinstated if Lender has required immediate payment in full because of Borrower's failure to pay an amount due under the Note or this Security Instrument. This right applies even after foreclosure proceedings are instituted. To reinstate the Security Instrument, Borrower shall tender in a lump sum all amounts required to bring Borrower's account current including, to the extent they are obligations of Borrower under this Security Instrument, foreclosure costs and reasonable and customary attorneys' fees and expenses properly associated with the foreclosure proceeding. Upon reinstatement by Borrower, this Security Instrument and the obligations that it secures shall remain in effect as if Lender had not required immediate payment in full. However, Lender is not required to permit reinstatement if: (i) Lender has accepted reinstatement after the commencement of foreclosure proceedings within two years immediately preceding the commencement of a current foreclosure proceeding, (ii) reinstatement will preclude foreclosure on different grounds in the future, or (iii) reinstatement will adversely affect the priority of the lien created by this Security Instrument.

11. **Borrower Not Released; Forbearance by Lender Not a Waiver.** Extension of the time of payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successor in interest. Lender shall not be required to commence proceedings against any successor in interest or 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 Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

12. **Successors and Assigns Bound; Joint and Several Liability; Co-Signers.** The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of Paragraph 9(b). Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower'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 may agree to extend, modify, forbear or make any accommodations with regard to the term of this Security Instrument or the Note without that Borrower's consent.

13. **Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this Paragraph.

14. **Governing Law; Severability.** This Security Instrument shall be governed by Federal law and the law of the jurisdiction in which the Property is located. 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. To this end the provisions of this Security Instrument and the Note are declared to be severable.

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

16. **Hazardous Substances.** Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. 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.

Borrower shall promptly give Lender written notice of 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. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substances affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this Paragraph 16, "Hazardous Substances" are those substances defined as toxic or hazardous substances 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. As used in this Paragraph 16, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

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

17. **Assignment of Rents.** Borrower unconditionally assigns and transfers to Lender all the rents and revenues of the Property. Borrower authorizes Lender or Lender's agents to collect the rents and revenues and hereby directs each tenant of the Property to pay the rents to Lender or Lender's agents. However, prior to Lender's notice to Borrower of Borrower's breach of any covenant or agreement in the Security Instrument, Borrower shall collect and receive all rents and revenues of the Property as trustee for the benefit of Lender and Borrower. This assignment of rents constitutes an absolute assignment and not an assignment for additional security only.

If Lender gives notice of breach to Borrower: (a) all rents received by Borrower shall be held by Borrower as trustee for benefit of Lender only, to be applied to the sums secured by the Security Instrument; (b) Lender shall be entitled to collect and receive all of the rents of the Property; and (c) each tenant of the Property shall pay all rents due and unpaid to Lender or Lender's agent on Lender's written demand to the tenant.

Borrower has not executed any prior assignment of the rents and has not and will not perform any act that would prevent Lender from exercising its rights under this Paragraph 17.

Lender shall not be required to enter upon, take control of or maintain the Property before or after giving notice of breach to Borrower. However, Lender or a judicially appointed receiver may do so at any time there is a breach. Any application of rents shall not cure or waive any default or invalidate any other right or remedy of Lender. This assignment of rents of the Property shall terminate when the debt secured by the Security Instrument is paid in full.

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18. Foreclosure Procedure. If Lender requires immediate payment in full under Paragraph 9, Lender 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 Paragraph 18, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Lender invokes the power of sale, Lender shall give Borrower, in the manner provided in Paragraph 13, notice of Lender's election to sell the Property. Trustee shall give notice of sale by public advertisement for the time and in the manner prescribed by applicable law. Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder for cash at such time and place in Harrison County as Trustee designates in the notice of sale in one or more parcels and in any order Trustee determines. 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.

If the Lender's interest in this Security Instrument is held by the Secretary and the Secretary requires immediate payment in full under Paragraph 9, the Secretary may invoke the nonjudicial power of sale provided in the Single Family Mortgage Foreclosure Act of 1994 ("Act") (12 U.S.C. § 3751 et seq.) by requesting a foreclosure commissioner designated under the Act to commence foreclosure and to sell the Property as provided in the Act. Nothing in the preceding sentence shall deprive the Secretary of any rights otherwise available to a Lender under this Paragraph 18 or applicable law.

19. Release. Upon payment of all sums secured by this Security Instrument, Lender shall cancel this Security Instrument. If Trustee is requested to cancel this Security Instrument, all notes evidencing debt secured by this Security Instrument shall be surrendered to Trustee. Borrower shall pay any recordation costs. Lender may charge Borrower a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under applicable law.

20. Substitute Trustee. Lender, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder by an instrument recorded in the county in which this Security Instrument is recorded. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.

21. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. [Check applicable box(es)]

- |   |  |
|---|--|
| <input type="checkbox"/> Condominium Rider  | <input type="checkbox"/> Graduated Payment Rider |
| <input type="checkbox"/> Planned Unit Development Rider   | <input type="checkbox"/> Growing Equity Rider    |
| <input checked="" type="checkbox"/> Other [specify] Residential Construction Rider to Security Instrument |  |



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

Witnesses:

Mary Hamel Schwulst (Seal)  
Mary Hamel Schwulst -Borrower

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

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

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

State of MISSISSIPPI

County of Harrison

§  
§  
§

Personally appeared before me, the undersigned authority in and for the said county and state, on this  
26<sup>th</sup> day of November 2007, within my jurisdiction, the within named

Mary Hamel Schwulst

who acknowledged that (he) (she) (they) executed the above and foregoing instrument.

(Seal)

Notary Public

My Commission Expires:

NOTARY PUBLIC STATE OF MISSISSIPPI AT LARGE  
MY COMMISSION EXPIRES: Feb 8, 2011  
BONDED THRU NOTARY PUBLIC UNDERWRITERS

SW200706140000

EXHIBIT "A"

Beginning at the intersection of the East margin of Woodman Avenue with the South margin of the L&N Railroad (now or formerly), run thence East along the South margin of said L&N Railroad 70.52 feet, run thence South 125.06 feet, run thence West 75.45 feet to the East margin of Woodman Avenue, run thence North along said East margin 125.00 feet to the Point of Beginning, all in the City of Pass Christian, Harrison County, Mississippi.

## **RESIDENTIAL CONSTRUCTION MORTGAGE LOAN CLOSING INSTRUCTIONS ADDENDUM**

This Residential Construction Loan Closing Instructions Addendum ("Addendum") supplements and amends the Master Closing Instructions and Conventional Supplemental Closing Instructions ("Closing Instructions") attached hereto. In the event of a conflict, the instructions contained in this Addendum control.

### **SECTION I: ADDITIONAL DOCUMENTATION**

In addition to the documentation listed in the Closing Instructions, the following documents are enclosed. These documents must be executed by Borrower and Borrower's Contractor, Contractor's officers or agents or some other person authorized to act on behalf of Contractor. Unless indicated otherwise by Lender, all such documents must be dated as of the date of settlement, and all blanks contained in such documents must be completed at settlement. No alterations or erasures may be made to any legal documents. All documents requiring execution in the presence of a notary public shall be so executed and said notary shall complete the proper notary acknowledgement and affix the proper seal to such documents. If there is any question as to the identity of the person executing any document, the responsibility of determining that person's identity is that of the notary public and the Settlement Agent. Such documents are conditionally delivered to Settlement Agent only for loan settlement and should under no circumstances leave Settlement Agent's possession or control except for delivery to Lender unless Settlement Agent is in receipt of instructions otherwise from Lender.

- ☐ **Residential Construction Note and Residential Construction Contract.** The Residential Construction Note must be executed by the Borrowers and endorsed without recourse to the Lender by the Contractor. It must be returned to the Lender. The Residential Construction Contract (With Assignment) must be executed by the Borrowers and the Contractor and filed of record in the county where the subject property is located. A certified copy of the original Residential Construction Contract must be returned to Lender, together with the recording receipt showing the clerk's file number, date and time recorded. (Texas only.)
- ☐ **Original Residential Construction Loan Allonge/Building Loan Rider Amending Note.** After execution by Borrower(s), the Allonge must be returned to the Lender.
- ☐ **Original Residential Construction Loan Addendum to Security Instrument.** After execution by Borrower(s), the Rider must be attached to the original Security Instrument and filed of record in the County where the subject property is located. A certified copy of the original Security Instrument with all Riders and Addendums must be returned to Lender, together with the recording receipt showing the clerk's file number, date and time recorded.
- ☐ **Three Original Residential Construction Loan Agreements.** Return one executed original to Lender. Give one executed original to Borrower, and one executed original to Contractor.
- ☐ **Residential Construction Loan Borrowers Affidavit and Indemnity Agreement.** The executed and acknowledged original must be returned to Lender.
- ☐ **Residential Construction Loan Contractor's Affidavit.** The executed and acknowledged original must be returned to Lender.

**Other Documents to be Obtained and Returned to Lender:**

- ☐ **Builder's Risk Insurance.** The insurance must provide 100% coverage of the proposed improvements and should contain the standard mortgagee clause in the name of the Lender.
- ☐ **Insurance.** Provide verification of workmen's compensation and general liability insurance.
- ☐ **Contractor Documentation.** Provide a copy of Contractor's current license issued by the appropriate governmental agency for construction of improvements or installation of manufactured home.

**SECTION II: ADDITIONAL REQUIREMENTS**

- ☐ **Settlement Statement and Expenses.** The settlement statement must reflect the fees that are being paid to the appropriate parties. If the Contractor is not the Seller of the Property, but has agreed to pay some of the fees, amend the HUD-I Settlement Statement to indicate which fees are being paid by the Contractor. Collect any title insurance fees required to issue an endorsement after completion of the improvements, deleting the mechanic and materialman's lien exception and the "pending disbursement" exception. No expenses are to be paid by the Lender.
- ☐ **Inspections and Survey.** A lot survey must be provided at closing. Collect sufficient funds from the Borrower to furnish a "foundation spot" as well as an "as-built" survey upon completion of the improvements. Prior to any construction draws being paid, Lender requires that the Property be inspected by a duly authorized agent of the Lender to verify that construction has not commenced. If a construction draw is to be paid, please notify Lender immediately after execution of the documents so that a post-closing site inspection may be conducted.

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**STATEMENT BY SETTLEMENT AGENT**

As Settlement Agent for the closing of this transaction, I state that all the terms and conditions contained in these Closing Instructions, have or will be complied with prior to the request for loan funding, unless otherwise authorized herein.

US Title

(Settlement Agent)

By: 

Title: President

**Notice to Closing Agent:**

Do not have the following documents executed at closing:

- 1) Request for Advance (Manufactured Housing Unit)
- 2) Lien Waiver (Mechanic's Lien Claims)

Give these forms unexecuted to the General Contractor.

SW200706140000

PLEASE RETURN TO:

U.S. Title

8756 Ortega Park Dr.

Navarre, FL 32566

936-9558

888-888-0005

After recording please return to:

CountryPlace Mortgage, LTD  
[Company Name]

[Name of Natural Person]

15303 Dallas Parkway, Suite 900  
[Street Address]

Addison, TX 75001  
[City, State Zip Code]

972-764-9200  
[Telephone No.]



1st Judicial District

Instrument 2007 22592 T J1  
Filed/Recorded 11 29 2007 10 30 A  
Total Fees 17.00

15 Pages Recorded

Prepared by:

PeirsonPatterson, L.L.P.  
[Company Name]

4400 Alpha Road  
[Street Address]

Dallas, TX 75244  
[City, State Zip Code]

972-392-7770  
[Telephone No.]

[Space Above This Line For Recording Data]

## DEED OF TRUST

FHA Case No.  
281-3325602-703

MIN: 123031300000180114

Loan No.: SW200706140000

THIS DEED OF TRUST ("Security Instrument") is made on November 26, 2007.  
The grantor is Mary Hamel Schwulst, an unmarried woman

The trustee is US Title

("Borrower").

("Trustee").

The lender is CountryPlace Mortgage, LTD,  
which is organized and existing under the laws of Texas  
15303 Dallas Parkway, Suite 900, Addison, TX 75001

, and whose address is

("Lender"). The beneficiary under this Security Instrument is Mortgage Electronic Registration Systems, Inc. ("MERS"). MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. 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. Borrower owes Lender the principal sum of One Hundred Two Thousand Five Hundred Fifteen and 00/100ths Dollars (U.S. \$102,515.00). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on March 1, 2038. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under Paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements

FHA Mississippi Security Instrument (MERS Modified)  
—THE COMPLIANCE SOURCE, INC.—  
www.compliance-source.com

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54301MS 02/02  
©2002, The Compliance Source, Inc.

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under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with the power of sale, the following described property located in Harrison County, Mississippi: See exhibit "A" attached hereto and made a part hereof.

which currently has the address of 242 Woodman Avenue  
[Street]  
Pass Christian, Mississippi 39571  
[City] [Zip Code]

("Property Address"):

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 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 and Late Charge.** Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note and late charges due under the Note.
2. **Monthly Payment of Taxes, Insurance and Other Charges.** Borrower shall include in each monthly payment, together with the principal and interest as set forth in the Note and any late charges, a sum for (a) taxes and special assessments levied or to be levied against the Property, (b) leasehold payments or ground rents on the Property, and (c) premiums for insurance required under Paragraph 4. In any year in which the Lender must pay a mortgage insurance premium to the Secretary of Housing and Urban Development ("Secretary"), or in any year in which such premium would have been required if Lender still held the Security Instrument, each monthly payment shall also include either: (i) a sum for the annual mortgage insurance premium to be paid by Lender to the Secretary, or (ii) a monthly charge instead of a mortgage insurance premium if this Security Instrument is held by the Secretary, in a reasonable amount to be determined by the Secretary. Except for the monthly charge by the Secretary, these items are called "Escrow Items" and the sums paid to Lender are called "Escrow Funds."

Lender may, at any time, collect and hold amounts for Escrow Items in an aggregate amount not to exceed the maximum amount that may be required for Borrower's escrow account under the Real Estate Settlement

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Procedures Act of 1974, 12 U.S.C. § 2601 et seq. and implementing regulations, 24 CFR Part 3500, as they may be amended from time to time ("RESPA"), except that the cushion or reserve permitted by RESPA for unanticipated disbursements or disbursements before Borrower's payments are available in the account may not be based on amounts due for the mortgage insurance premium.

If the amounts held by Lender for Escrow Items exceed the amounts permitted to be held by RESPA, Lender shall account to Borrower for the excess funds as required by RESPA. If the amounts of funds held by Lender at any time are not sufficient to pay the Escrow Items when due, Lender may notify the Borrower and require Borrower to make up the shortage as permitted by RESPA.

The Escrow Funds are pledged as additional security for all sums secured by this Security Instrument. If Borrower tenders to Lender the full payment of all such sums, Borrower's account shall be credited with the balance remaining for all installment items (a), (b), and (c) and any mortgage insurance premium installment that Lender has not become obligated to pay to the Secretary, and Lender shall promptly refund any excess funds to Borrower. Immediately prior to a foreclosure sale of the Property or its acquisition by Lender, Borrower's account shall be credited with any balance remaining for all installments for items (a), (b), and (c).

3. Application of Payments. All payments under Paragraphs 1 and 2 shall be applied by Lender as follows:

First, to the mortgage insurance premium to be paid by Lender to the Secretary or to the monthly charge by the Secretary instead of the monthly mortgage insurance premium;

Second, to any taxes, special assessments, leasehold payments or ground rents, and fire, flood and other hazard insurance premiums, as required;

Third, to interest due under the Note;

Fourth, to amortization of the principal of the Note; and

Fifth, to late charges due under the Note.

4. Fire, Flood and Other Hazard Insurance. Borrower shall insure all improvements on the Property, whether now in existence or subsequently erected, against any hazards, casualties, and contingencies, including fire, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. Borrower shall also insure all improvements on the Property, whether now in existence or subsequently erected, against loss by floods to the extent required by the Secretary. All insurance shall be carried with companies approved by Lender. The insurance policies and any renewals shall be held by Lender and shall include loss payable clauses in favor of, and in a form acceptable to, Lender.

In the event of loss, Borrower shall give Lender immediate notice by mail. Lender may make proof of loss if not made promptly by Borrower. Each insurance company concerned is hereby authorized and directed to make payment for such loss directly to Lender, instead of to Borrower and to Lender jointly. All or any part of the insurance proceeds may be applied by Lender, at its option, either (a) to the reduction of the indebtedness under the Note and this Security Instrument, first to any delinquent amounts applied in the order of Paragraph 3, and then to prepayment of principal, or (b) to the restoration or repair of the damaged property. Any application of the proceeds to the principal shall not extend or postpone the due date of the monthly payments which are referred to in Paragraph 2, or change the amount of such payments. Any excess insurance proceeds over an amount required to pay all outstanding indebtedness under the Note and this Security Instrument shall be paid to the entity legally entitled thereto.

In the event of foreclosure of this Security Instrument or other transfer of title to the Property that extinguishes the indebtedness, all right, title and interest of Borrower in and to insurance policies in force shall pass to the purchaser.

5. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument (or within sixty days of a later sale or transfer of the Property) and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender determines that requirement will cause undue hardship for Borrower, or unless



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extenuating circumstances exist which are beyond Borrower's control. Borrower shall notify Lender of any extenuating circumstances. Borrower shall not commit waste or destroy, damage or substantially change the Property or allow the Property to deteriorate, reasonable wear and tear expected. Lender may inspect the Property if the Property is vacant or abandoned or the loan is in default. Lender may take reasonable action to protect and preserve such vacant or abandoned Property. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and fee title shall not be merged unless Lender agrees to the merger in writing.

6. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in place of condemnation, are hereby assigned and shall be paid to Lender to the extent of the full amount of the indebtedness that remains unpaid under the Note and this Security Instrument. Lender shall apply such proceeds to the reduction of the indebtedness under the Note and this Security Instrument, first to any delinquent amounts applied in the order provided in Paragraph 3, and then to prepayment of principal. Any application of the proceeds to the principal shall not extend or postpone the due date of the monthly payments, which are referred to in Paragraph 2, or change the amount of such payments. Any excess proceeds over an amount required to pay all outstanding indebtedness under the Note and this Security Instrument shall be paid to the entity legally entitled thereto.

7. **Charges to Borrower and Protection of Lender's Rights in the Property.** Borrower shall pay all governmental or municipal charges, fines and impositions that are not included in Paragraph 2. Borrower shall pay these obligations on time directly to the entity which is owed the payment. If failure to pay would adversely affect Lender's interest in the Property, upon Lender's request Borrower shall promptly furnish to Lender receipts evidencing these payments.

If Borrower fails to make these payments or the payments required by Paragraph 2, or fails to perform any other covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, for condemnation or to enforce laws or regulations), then Lender may do and pay whatever is necessary to protect the value of the Property and Lender's rights in the Property, including payment of taxes, hazard insurance and other items mentioned in Paragraph 2.

Any amounts disbursed by Lender under this Paragraph shall become an additional debt of Borrower and be secured by this Security Instrument. These amounts shall bear interest from the date of disbursement, at the Note rate, and at the option of Lender shall be immediately due and payable.

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; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of the lien; 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 may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

8. **Fees.** Lender may collect fees and charges authorized by the Secretary.

9. **Grounds for Acceleration of Debt.**

(a) **Default.** Lender may, except as limited by regulations issued by the Secretary in the case of payment defaults, require immediate payment in full of all sums secured by this Security Instrument if:

(i) Borrower defaults by failing to pay in full any monthly payment required by this Security Instrument prior to or on the due date of the next monthly payment, or

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- (ii) Borrower defaults by failing, for a period of thirty days, to perform any other obligations contained in this Security Instrument.
- (b) **Sale Without Credit Approval.** Lender shall, if permitted by applicable law (including section 341(d) of the Garn-St Germain Depository Institutions Act of 1982, 12 U.S.C. § 1701j-3(d)) and with the prior approval of the Secretary, require immediate payment in full of all the sums secured by this Security Instrument if:
- (i) All or part of the Property, or a beneficial interest in a trust owning all or part of the Property, is sold or otherwise transferred (other than by devise or descent), and
- (ii) The Property is not occupied by the purchaser or grantee as his or her principal residence, or the purchaser or grantee does so occupy the Property, but his or her credit has not been approved in accordance with the requirements of the Secretary.
- (c) **No Waiver.** If circumstances occur that would permit Lender to require immediate payment in full, but Lender does not require such payments, Lender does not waive its rights with respect to subsequent events.
- (d) **Regulations of HUD Secretary.** In many circumstances regulations issued by the Secretary will limit Lender's rights, in the case of payment defaults, to require immediate payment in full and foreclose if not paid. This Security Instrument does not authorize acceleration or foreclosure if not permitted by regulations of the Secretary.
- (e) **Mortgage Not Insured.** Borrower agrees that if this Security Instrument and the Note are not determined to be eligible for insurance under the National Housing Act within 60 days from the date hereof, Lender may, at its option require immediate payment in full of all sums secured by this Security Instrument. A written statement of any authorized agent of the Secretary dated subsequent to 60 days from the date hereof, declining to insure this Security Instrument and the Note, shall be deemed conclusive proof of such ineligibility. Notwithstanding the foregoing, this option may not be exercised by Lender when the unavailability of insurance is solely due to Lender's failure to remit a mortgage insurance premium to the Secretary.
10. **Reinstatement.** Borrower has a right to be reinstated if Lender has required immediate payment in full because of Borrower's failure to pay an amount due under the Note or this Security Instrument. This right applies even after foreclosure proceedings are instituted. To reinstate the Security Instrument, Borrower shall tender in a lump sum all amounts required to bring Borrower's account current including, to the extent they are obligations of Borrower under this Security Instrument, foreclosure costs and reasonable and customary attorneys' fees and expenses properly associated with the foreclosure proceeding. Upon reinstatement by Borrower, this Security Instrument and the obligations that it secures shall remain in effect as if Lender had not required immediate payment in full. However, Lender is not required to permit reinstatement if: (i) Lender has accepted reinstatement after the commencement of foreclosure proceedings within two years immediately preceding the commencement of a current foreclosure proceeding, (ii) reinstatement will preclude foreclosure on different grounds in the future, or (iii) reinstatement will adversely affect the priority of the lien created by this Security Instrument.
11. **Borrower Not Released; Forbearance by Lender Not a Waiver.** Extension of the time of payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successor in interest. Lender shall not be required to commence proceedings against any successor in interest or 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 Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.
12. **Successors and Assigns Bound; Joint and Several Liability; Co-Signers.** The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of Paragraph 9(b). Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower'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 may agree to extend, modify, forbear or make any accommodations with regard to the term of this Security Instrument or the Note without that Borrower's consent.

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13. **Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this Paragraph.

14. **Governing Law; Severability.** This Security Instrument shall be governed by Federal law and the law of the jurisdiction in which the Property is located. 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. To this end the provisions of this Security Instrument and the Note are declared to be severable.

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

16. **Hazardous Substances.** Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. 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.

Borrower shall promptly give Lender written notice of 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. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substances affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this Paragraph 16, "Hazardous Substances" are those substances defined as toxic or hazardous substances 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. As used in this Paragraph 16, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

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

17. **Assignment of Rents.** Borrower unconditionally assigns and transfers to Lender all the rents and revenues of the Property. Borrower authorizes Lender or Lender's agents to collect the rents and revenues and hereby directs each tenant of the Property to pay the rents to Lender or Lender's agents. However, prior to Lender's notice to Borrower of Borrower's breach of any covenant or agreement in the Security Instrument, Borrower shall collect and receive all rents and revenues of the Property as trustee for the benefit of Lender and Borrower. This assignment of rents constitutes an absolute assignment and not an assignment for additional security only.

If Lender gives notice of breach to Borrower: (a) all rents received by Borrower shall be held by Borrower as trustee for benefit of Lender only, to be applied to the sums secured by the Security Instrument; (b) Lender shall be entitled to collect and receive all of the rents of the Property; and (c) each tenant of the Property shall pay all rents due and unpaid to Lender or Lender's agent on Lender's written demand to the tenant.

Borrower has not executed any prior assignment of the rents and has not and will not perform any act that would prevent Lender from exercising its rights under this Paragraph 17.

Lender shall not be required to enter upon, take control of or maintain the Property before or after giving notice of breach to Borrower. However, Lender or a judicially appointed receiver may do so at any time there is a breach. Any application of rents shall not cure or waive any default or invalidate any other right or remedy of Lender. This assignment of rents of the Property shall terminate when the debt secured by the Security Instrument is paid in full.

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18. Foreclosure Procedure. If Lender requires immediate payment in full under Paragraph 9, Lender 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 Paragraph 18, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Lender invokes the power of sale, Lender shall give Borrower, in the manner provided in Paragraph 13, notice of Lender's election to sell the Property. Trustee shall give notice of sale by public advertisement for the time and in the manner prescribed by applicable law. Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder for cash at such time and place in Harrison County as Trustee designates in the notice of sale in one or more parcels and in any order Trustee determines. 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.

If the Lender's interest in this Security Instrument is held by the Secretary and the Secretary requires immediate payment in full under Paragraph 9, the Secretary may invoke the nonjudicial power of sale provided in the Single Family Mortgage Foreclosure Act of 1994 ("Act") (12 U.S.C. § 3751 et seq.) by requesting a foreclosure commissioner designated under the Act to commence foreclosure and to sell the Property as provided in the Act. Nothing in the preceding sentence shall deprive the Secretary of any rights otherwise available to a Lender under this Paragraph 18 or applicable law.

19. Release. Upon payment of all sums secured by this Security Instrument, Lender shall cancel this Security Instrument. If Trustee is requested to cancel this Security Instrument, all notes evidencing debt secured by this Security Instrument shall be surrendered to Trustee. Borrower shall pay any recordation costs. Lender may charge Borrower a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under applicable law.

20. Substitute Trustee. Lender, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder by an instrument recorded in the county in which this Security Instrument is recorded. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.

21. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. [Check applicable box(es)]

- |   |  |
|---|--|
| <input type="checkbox"/> Condominium Rider  | <input type="checkbox"/> Graduated Payment Rider |
| <input type="checkbox"/> Planned Unit Development Rider   | <input type="checkbox"/> Growing Equity Rider    |
| <input checked="" type="checkbox"/> Other [specify] Residential Construction Rider to Security Instrument |  |

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

Witnesses:

Mary Martin  
Mary Martin  
Dawn M. Effer  
Dawn M. Effer

Mary Hamel-Schwulst (Seal)  
Mary Hamel Schwulst -Borrower

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

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

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

State of MISSISSIPPI §  
County of Harrison §

Personally appeared before me, the undersigned authority in and for the said county and state, on this 26<sup>th</sup> day of November 2007, within my jurisdiction, the within named

Mary Hamel Schwulst

who acknowledged that (he) (she) (they) executed the above and foregoing instrument

(Seal)

Notary Public  
Jeff  
My Commission Expires:

NOTARY PUBLIC STATE OF MISSISSIPPI  
MY COMMISSION EXPIRES 12/31/2010  
BONDED THRU NOTARY PUBLIC UNDERWRITERS

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EXHIBIT "A"

Beginning at the intersection of the East margin of Woodman Avenue with the South margin of the L&N Railroad (now or formerly), run thence East along the South margin of said L&N Railroad 70.52 feet, run thence South 125.06 feet, run thence West 75.45 feet to the East margin of Woodman Avenue, run thence North along said East margin 125.00 feet to the Point of Beginning, all in the City of Pass Christian, Harrison County, Mississippi.

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Loan No.: sw200706140000

MIN.: 123031300000180114

**TO BE RECORDED WITH THE SECURITY INSTRUMENT  
RESIDENTIAL CONSTRUCTION RIDER**

Words used in this Rider are defined below. Words in the singular mean and include the plural and vice versa.

"Borrower" is Mary Hamel Schwulst, an unmarried woman.

"Lender" is CountryPlace Mortgage, LTD, and its successors or assigns.

"Note" means the promissory note in the original principal amount of \$102,515.00, signed by Borrower in favor of Lender.

"Property" means the property commonly known as 242 Woodman Avenue, Pass Christian, MS 39571.

"Security Instrument" means the deed of trust/mortgage/security deed/security instrument signed by Borrower in favor of Lender, securing payment of the Note.

**THIS RESIDENTIAL CONSTRUCTION RIDER** shall be deemed to amend and supplement the Security Instrument of the same date given by Borrower to secure Borrower's Note to Lender of the same date and covering the Property described in the Security Instrument. If the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association buys all or some of the Lender's rights under the Security Instrument and Note, the provisions and agreements in this Rider will no longer have any force and effect.

**AMENDED AND ADDITIONAL COVENANTS.** In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

1. **Residential Construction Loan Agreement.** Borrower agrees to comply with the covenants and conditions of the Residential Construction Loan Agreement ("Loan Agreement") between Borrower, Lender and Contractor ("Contractor"), which is incorporated herein by this reference and made a part of this Security Instrument. The Loan Agreement provides for the construction of certain Improvements ("Improvements") on the Property. All advances made by Lender pursuant to the Loan Agreement shall be an indebtedness of Borrower secured by this Security Instrument as amended and such advances may be obligatory under the terms of the Loan Agreement. The Security Instrument secures the payment of all sums and the performance of all covenants, conditions and agreements required by the Lender in the Loan Agreement. Upon the failure of Borrower to keep and perform all the covenants, conditions and agreements of the Loan Agreement, the principal sum and all interest and other

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charges provided for in the loan documents and secured hereby shall, at the option of the Lender, become due and payable.

2. **Construction Loan Security Instrument.** This Security Instrument is a "construction mortgage" securing an obligation incurred for the construction of Improvements on the Property including the acquisition cost of the Property, if any, and any notes issued in extension, renewal, or substitution thereof. Borrower affirms, acknowledges and warrants that prior to the recordation of this Security Instrument, as amended, in the Official Records of the county or the recording district where the Property is located, no Improvements contemplated by the Loan Agreement have been constructed, no work has been performed, and no materials have been ordered or delivered.
3. **Future Advances.** In addition to the sum evidenced by the Note, this Security Instrument shall secure all funds hereafter advanced by Lender to or for the benefit of Borrower, as contained in the contract and/or the Loan Agreement for the construction of Improvements on the mortgaged property or for any other purpose. All future advances shall be made within the time limit authorized by the laws of the state where the Property is located. To the extent that moneys advanced by Lender are used to pay for the costs of acquiring the Property, this mortgage shall be a purchase money security interest.
4. **Disbursements to Protect Security.** All sums disbursed by Lender prior to completion of the Improvements to protect the security of this Security Instrument, up to the principal amount of the Note and any future advances, shall be treated as disbursements pursuant to the Loan Agreement. All such sums shall bear interest from the date of disbursement at the rate stated in the Note, unless the collection from Borrower of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from Borrower under applicable law and shall be payable upon notice from Lender to Borrower requesting payment therefor.
5. **Assignment of Rights or Claims.** From time to time as Lender deems necessary to protect Lender's interest, Borrower shall, upon request of Lender, execute, acknowledge before a notary, and deliver to Lender, assignments of any and all rights or claims which relate to the construction on the Property.
6. **Breach by Borrower.** In case of breach by Borrower of the covenants and conditions of the Loan Agreement, Lender, at Lender's option, with or without entry upon the Property, (a) may invoke any of the rights or remedies provided in the Loan Agreement, (b) may accelerate the sums secured by this Security Instrument and invoke any of those remedies provided for in this Security Instrument, or (c) may do both although failure to exercise any of its rights and remedies at any one time does not constitute a waiver or modification of any conditions, rights or remedies.

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7. **Termination of Loan Agreement.** Upon completion of the Improvements (as determined by the Loan Agreement), the terms of the Loan Agreement shall be null and void, and there shall be no claim or defense arising out of or in connection with the Loan Agreement against the obligations of the Note and this Security Instrument.
8. **Property.** The property covered by this Security Instrument includes the Property described or referred to in this Security Instrument, together with the following, all of which are referred to as the "Property." The portion of the Property described below which constitutes real property is sometimes referred to as the "Real Property." The portion of the Property which constitutes personal property is sometimes referred to as the "Personal Property," listed as follows:

Any and all buildings, improvements (provided in the Loan Agreement or otherwise), and tenements now or hereafter erected on the Property; any and all heretofore and hereafter vacated alleys and streets abutting the Property; easements, rights, appurtenances, rents (subject however to any assignment of rents to Lender), leases, royalties, mineral, oil and gas rights and profits; water, water rights and water stock appurtenant to the Property (to the extent they are included in Borrower's fee simple title); any and all fixtures, machinery, equipment, building materials, appliances, and goods of every nature whatsoever now or hereafter located in, on, or used, or intended to be used in connection with the Property and all replacements and accessions of them, including, but not limited to those for the purpose of supplying or distributing heating, cooling, electricity, gas, water, air and light; security and access control apparatus; plumbing and plumbing fixtures; refrigerating, cooking and laundry equipment; carpet, floor coverings and interior and exterior window treatments; furniture and cabinets; interior and exterior sprinkler plant and lawn maintenance equipment; fire prevention and extinguishing apparatus and equipment, water tanks, swimming pool, compressor, vacuum cleaning system, disposal, dishwasher, range, and oven; any shrubbery and landscaping; any and all plans and specifications for development of or construction of Improvements upon the Property; any and all contracts and subcontracts relating to the Property; any and all accounts, contract rights, instruments, documents, general intangibles, and chattel paper arising from or by virtue of any transactions related to the Property; any and all permits, licenses, franchises, certifications, and other rights and privileges obtained in connection with the Property; any and all products and proceeds arising from or by virtue of the sale, lease, or other disposition of any of the Property; any and all proceeds payable or to be payable under each policy of insurance relating to the Property; any and all proceeds arising from the taking of all or part of the Property for any public or quasi-public use under any law, or by right of eminent domain, or by private or other purchase in lieu thereof; all building permits, certificates of occupancy, and certificates of compliance; any right to use utilities of any kind including water, sewage, drainage and any other utility rights, however arising whether private or public, present or future, including any reservation, permit, letter, certificate, license, order, contract or otherwise and any other permit, letter, certificate, license, order, contract or other document or approval received from or issued by any governmental entity, quasi-governmental

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entity, common carrier, or public utility in any way relating to any part of the Property or the Improvements, fixtures and equipment thereon; all other interests of every kind and character which Borrower now has or at any time hereafter acquires in and to the Property, including all other items of property and rights described elsewhere in this Security Instrument.

9. **Security Agreement and Financing Statement.** This Security Instrument shall be a security agreement granting Lender a first and prior security interest in all of Borrower's right, title and interest in, to and under the Personal Property, under and within the meaning of applicable statutes of this state, as well as a mortgage or deed of trust granting a lien upon and against the Real Property or, if applicable under state law, a security deed conveying legal title to the Real Property to the Lender. In the event of any foreclosure sale all of the Real and Personal Property may, at the option of Lender, be sold as a whole or in any part. It shall not be necessary to have present at the place of such sale the Personal Property or any part thereof. Lender shall have all the rights, remedies and recourses with respect to the Personal Property afforded to a "Secured Party" by the applicable statutes of this state in addition to and not in limitation of the other rights and recourse afforded Lender under this Security Instrument. Borrower shall, upon demand, pay to Lender the amount of any and all expenses, including the fees and disbursements of Lender's legal counsel and of any experts and agents which Lender may incur in connection with: (i) the making and/or administration of this Security Instrument; (ii) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon any property, real and/or personal, described in this Security Instrument; (iii) the exercise or enforcement of any of the rights of Lender under this Security Instrument; (iv) the failure by Borrower to perform or observe any of the provisions or covenants in this Security Instrument; or (v) any actions taken by Lender for any reason whatsoever in any case or proceeding under Chapter 7, 11, or 13 of the Bankruptcy Code or any successor statute thereto, including, but not limited to, action taken with respect to issues particular to federal bankruptcy law. Unless otherwise required by applicable law, Lender may, at its election, at any time after the delivery of this Security Instrument, sign one or more copies of this Security Instrument in order that such copies may be used as a financing statement under the statutes of the state where the Property is located. Lender's signature need not be acknowledged, and is not necessary to the effectiveness hereof as a mortgage, a security agreement, or (unless otherwise required by applicable law) a financing statement.
10. **Completion.** Lender shall not be responsible for the completion of the Improvements, and shall not in any way be considered a guarantor or surety of performance by Borrower or any Contractor or any sub-contractor. In the event the Improvements are not completed according to the plans and specifications approved by Lender, and it is determined for whatever reason the Lender does not have a lien arising by or through Borrower, then Lender shall have a valid lien for its loan amount, less the amount reasonably necessary to complete the Improvements, or in such event Lender, at its option, shall have the right to complete the Improvements, and the lien shall be valid for the loan amount.

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11. **Invalid Provisions.** If any provision of this Security Instrument is declared invalid, illegal, or unenforceable by a court of competent jurisdiction, then such invalid, illegal or unenforceable provision shall be severed from this Security Instrument and the remainder enforced as if such invalid, illegal or unenforceable provision is not a part of this Security Instrument.

12. **Address.**

The name and address of Borrower during construction of the Improvements is:

Mary Hamel Schwalst  
242 Woodman Avenue  
Pass Christian, MS 39571

The name and address of Lender is:

CountryPlace Mortgage, LTD  
15303 Dallas Parkway, Suite 900  
Addison, TX 75001

13. **IMPORTANT INFORMATION REGARDING THE CONSTRUCTION, REPAIR OR IMPROVEMENT TO YOUR PROPERTY.**

ANY PERSON PERFORMING LABOR ON YOUR PROPERTY OR FURNISHING MATERIALS FOR THE CONSTRUCTION, REPAIR, OR IMPROVEMENT OF YOUR PROPERTY MAY BE ENTITLED TO A LIEN AGAINST YOUR PROPERTY. THIS LIEN MAY BE ENFORCED BY THE SALE OF YOUR PROPERTY. TO AVOID THIS RESULT, YOU MAY REQUEST FROM CONTRACTOR LIEN WAIVERS FROM ALL PERSONS PERFORMING LABOR OR FURNISHING MATERIALS FOR THE WORK ON YOUR PROPERTY. YOU MAY BE ABLE TO WITHHOLD PAYMENT FROM CONTRACTOR IN THE AMOUNT OF ANY UNPAID CLAIMS FOR LABOR OR MATERIALS. SEEK THE ADVICE OF YOUR ATTORNEY.

\_\_\_\_\_  
[Signatures on Following Page]

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BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Rider.

Mary Hamel Schwulst 11-26-07  
Mary Hamel Schwulst (Borrower) (Date)

(Borrower) (Date)

(Borrower) (Date)

(Borrower) (Date)

**ATTENTION OFFICIAL RECORDER OF INSTRUMENTS:** This instrument covers goods that are or are to become fixtures on the described Property herein and is to be filed for record in the official records where mortgages on real estate are recorded. Additionally, this instrument should be appropriately indexed, not only as a mortgage, but as a financing statement covering goods that are or are to become fixtures on the described Property herein (unless state law requires a specific form of financing statement to be filed of record). The mailing address of the Borrower (Debtor) and Lender (Secured Party) are set forth in this instrument.

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## ENDORSEMENT ALLONGE TO NOTE

This Allonge to Note is to that certain Note dated November 26, 2007, executed by Mary Hamel Schwulst, an unmarried woman in the amount of \$102,515.00, in favor of CountryPlace Mortgage, LTD as payee. This Allonge is affixed and becomes a permanent part of said Note.

PAY TO THE ORDER OF

WITHOUT RECOURSE.

LENDER: CountryPlace Mortgage, LTD

By:

Casper R Noble

Date:

12-12-07

Name:

CASPER R Noble

Title:

VP Operations

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF FLORIDA

RECEIVED

IN RE: JEFFERY PAUL NEGROTTTO

2009 JUN -1 P 4: 09  
CHAPTER 7 BANKRUPTCY  
CASE: 09-30623-LMK  
BANKRUPTCY COURT  
NORTHERN DISTRICT OF  
ADVERSARY  
CASE: \_\_\_\_\_

MARY HAMEL-SCHWULST, PH.D.,  
PLAINTIFF, PRO SE

VERSUS

JEFFERY PAUL NEGROTTTO, DEBTOR/  
DEFENDANT, U.S. TITLE AND REAL  
ESTATE CLOSING SERVICES, INC.,  
DAWN EFFLER AND MARY L. MARTIN,  
DEFENDANTS

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ADVERSARY COMPLAINT  
OBJECTION/ EXCEPTION TO DISCHARGE  
ON GROUNDS OF FRAUD, TITLE 11:523(a)(2)(A)(B)(3)

MAY IT PLEASE THE COURT:

Now into Court comes Mary Hamel-Schwulst, Ph.D., creditor in the  
Chapter 7 Bankruptcy of defendant, Jeffery Paul Negrotto, In Re: Jeffery Paul  
Negrotto, Bankruptcy Case: 09-30623 LMK, filed April 2, 2009, objecting to the  
Bankruptcy Discharge of Jeffery Paul Negrotto in accordance with Title 11 United  
States Bankruptcy Code, Sections 523(a)(2)(A)(B)(3) and would state:

I.  
JURISDICTION AND VENUE

This Court has jurisdiction under Title 11 United States Bankruptcy Code

Rec'd 0625'09 USDC FLN3 PM0124

*Jmd*

in accordance with Title 11 Sections 523(a)(2)(A)(B)(3) United States Code, to declare as nondischargeable the debts grounded in fraud, malfeasance, and misconduct, owed by debtor, Jeffery Paul Negrotto and his solely owned title company, U.S. Title and Real Estate Closing Services Inc. to Mary Hamel-Schwulst, as listed in debtor's schedules of liabilities, and, as omitted in debtor's schedules of liabilities. This is a core proceeding under Title 28 Section 157 (a)(b)(2)(J) United States Code to object to discharge of the debtor Jeffery Paul Negrotto for Notary Fraud, Title Insurance Fraud, and to void the Mississippi Deed of Trust executed November 26, 2007 in Gulfport, MS before Jeffery Paul Negrotto, by Grantor, Mary Hamel-Schwulst, Ph.D. in favor of the beneficiary/Grantee CountryPlace Mortgage Ltd. whose interests were assigned to its nominee "MERS", Mortgage Electronic Registration Systems, in the Deed of Trust document, recorded in the Chancery Court Land Records of Harrison County, First Judicial District, State of Mississippi, November 29, 2007, as Instrument # 2007-22592T J1

This adversary proceeding is governed by Rule 7001(4) U.S. Bankruptcy Rules  
II.

#### PARTIES

1. Plaintiff, Mary Hamel-Schwulst, Ph.D, is a resident and domiciliary of the State of Mississippi, residing at 242 Woodman Avenue, Pass Christian, MS 39571.

2. Defendant/Chapter 7 debtor, Jeffery Paul Negrotto is a resident and domiciliary of the State of Florida, residing in Santa Rosa County at 7979 Whiting Field Circle, Milton FL 32570 and may be served by U.S. First Class Mail, Certified, Return Receipt Requested at Post Office Box 5427,

Navarre, FL 32566.

3. Defendant U.S. Title and Real Estate Closing Services Inc. is a Florida real estate title corporation owned by 100% shareholder, Jeffery Paul Negrotto, debtor, with its principal place of business in Navarre, Florida, which complaint may be served on its registered agent/President, Jeffery Paul Negrotto at Post Office Box 5427, Navarre, FL 32566, U.S. First Class Mail, postage pre-paid.

4. Defendant, Mary L. Martin, is an employee of U.S. Title and Real Estate Closing Services, Inc., a resident and domiciliary of Santa Rosa County, State of Florida, residing at 2227 Seascale Court, Navarre, FL 32566, within the jurisdiction and venue of the United States Bankruptcy Court for the Northern District of Florida and who may be served by U.S. First Class Mail at 2227 Seascale Court, Navarre, FL 32566, postage pre-paid.

5. Defendant, Dawn M. Effler, is an employee of U.S. Title and Real Estate Closing Services, Inc., a resident and domiciliary of Okaloosa County, State of Florida, residing at 611 Lang Road, Ft. Walton Beach, FL 32547, within the jurisdiction and venue of the United States Bankruptcy Court for the Northern District of Florida, and who may be served at 611 Lang Road, Ft. Walton Beach, FL 32547, by U.S. First Class Mail, postage pre-paid.

6. Honorable Richard H. Powell, Esq., is the attorney for debtor, Jeffery Paul Negrotto who may be given a courtesy copy of this Complaint to Object to Discharge, by U.S. First Class Mail, postage pre-paid at Post Office Drawer 2167, Fort Walton Beach, FL 32549.



**III.**  
**CAUSE OF ACTION TO DECLARE**  
**NON DISCHARGEABLE DEBT IN THE AMOUNT OF \$102,515.00 FOR FRAUD**  
**AND NOTARIAL MISCONDUCT**

6. On November 26, 2007, debtor Jeffery Negrotto, a Mississippi Notary Public, and a Florida Notary Public, executed an acknowledgment of the signature of Mary Hamel-Schwulst, Ph.D. on a Mississippi Deed of Trust and Gulf Breeze, Florida note in the amount of \$102,515.00 as a Mississippi Notary Public for a construction/permanent loan for purchase of a Palm Harbor modular home situated on her privately owned wooded property at 242 Woodman Avenue, Pass Christian, MS for Grantor/borrower, Mary Hamel-Schwulst, Ph.D. at the Palm Harbor Homes Inc. Superstore on Highway 49, Gulfport, MS,

7. Jeffery Paul Negrotto misrepresented to Mary Hamel-Schwulst and to the lender, CountryPlace Mortgage, Addison, Texas that he was a *bona fide commissioned Mississippi Notary Public* clothed with authority in law to acknowledge the Mississippi Deed of Trust in the State of Mississippi, prepared by Peirson/Patterson Texas attorneys of Dallas, Texas and close the construction/permanent loan and issue mortgagee and owner's title insurance for his title company, U.S. Title and Real Estate Closing Services Inc., a Florida corporation licensed as a foreign corporation to do business in the State of Mississippi, with its principal place of business in Navarre, Santa Rosa County, Florida, within the venue and jurisdiction of this bankruptcy court.

8. Debtor, Jeffery Paul Negrotto, by filing a Chapter 7 bankruptcy petition in the United States Bankruptcy Court for the Northern District of Florida has declared that he is a resident and domiciliary of Santa Rosa County, residing in Milton, Florida, within the jurisdiction and venue of this Honorable U.S. Bankruptcy.

9. Jeffery Paul Negrotto made application to the Governor, State of Mississippi, to become a Mississippi Notary Public, giving his Mississippi residential address as 177 Iris Street, Biloxi, MS and obtained his \$5,000.00 Mississippi Notary Bond under false pretenses from Notary Public Underwriters of Mississippi, Inc., executing his Oath of Office before Jessica Wren Rockett (Negrotto) on February 16, 2002 in Okaloosa County, Florida.

10. Jeffery Paul Negrotto had an obligation to read and to adhere to the qualifications and requirements to become a commissioned Notary Public of the State of Mississippi and to declare honestly and truthfully that he was a *bona fide resident of the State of Mississippi*, and that he met all of the statutory requirements to be commissioned Notary Public State of Mississippi.

10. At the time of his application to become Notary Public of the State of Mississippi, February 9, 2007, declaring his residence to be State of Mississippi, Jeffery Paul Negrotto was already a commissioned Notary Public of the State of Florida, commissioned by the Governor of the State of Florida, Notary ID 992311, Commission #992311DD612399 and should have known that he could not hold two Notarial Public Commissions from two separate states simultaneously to operate under color of law his Florida based title company U. S. Title and Real

Estate Closing Services Inc., while living in Navarre, Florida.

11. At the time of his application to become Notary Public of the State of Mississippi, to perform official acts under law or regulation of the State of Mississippi, Jeffery Paul Negrotto knew or should have known that the Mississippi Notary Public Oath of Office could not be executed before a Notary Public outside the State of Mississippi. Title 01, Part III, Secretary of State of Mississippi, Chapter 14, Notaries Public provides:

“Every applicant for a notary commission shall take the Oath of Office prescribed by Section 268 of the Mississippi Constitution in the presence of a notary of the State of Mississippi. The oath shall be taken before a Mississippi Notary Public and submitted on SOS Form NP 003, Oath of Office.

12. At the time of Jeffery Paul Negrotto's taking the Oath of Office for his State of Mississippi Notary Public commission before Jessica Wren Rockett in Okaloosa County, Florida, February 16, 2007, Jeff Negrotto had failed to relinquish his Florida Notary Public commission, cancel his Florida Notary Public Bond with Continental Insurance Company and had failed to physically move to the State of Mississippi and to reside at 177 Iris Street, Biloxi, MS., while declaring under oath that he was *not* disqualified from holding the office of Notary Public, and met all of the qualifications of Notary Public, State of Mississippi, committing perjury within the venue and jurisdiction of this Court.

13. To date, Jeff Negrotto holds dual Notary Public commissions from both the State of Mississippi and the State of Florida, contrary to law and is the 100% shareholder of the Florida based title company U.S. Title and Real Estate Closing Services Inc., located in Navarre, Florida.

14. Jeff Negrotto omitted in his bankruptcy schedule of assets the listing of his stock certificates and 100% ownership of his title corporation, U.S. Title and Real Estate Closing Services, Inc., which has not been dissolved administratively at the time of filing for Chapter 7 bankruptcy relief or dissolved according to statutory laws of the State of Florida.

15. On November 26, 2007, Jeff Negrotto as Notary Public of the State of Mississippi obtained money from your plaintiff, Mary Hamel-Schwulst under false pretenses for notarial services, title company services and construction and permanent loan closing services for the purchase of her Palm Harbor modular home located on her wooded lot at 242 Woodman Avenue, Pass Christian, MS 39571.

16. On November 26, 2007, Mary Hamel-Schwulst was deceived and was of the knowledge and belief that Jeff Negrotto was a *bona fide Mississippi Notary Public*, fully qualified under law to execute an acknowledgement of her signature on the Mississippi Deed of Trust, securing a \$102,515.00 Gulf Breeze, Florida promissory note prepared by Texas attorneys Peirson/Patterson contrary to law.

17. Notary Public Jeff Negrotto and his title company, U.S. Title and Real Estate Closing Services Inc. received the following sums at closing of \$250.00 Settlement Fee to U.S. Title and Real Estate Closing Services Inc., \$121.00 Title Search, \$125.00 Title Examination, courier fees \$90.00, Mortgagee's Title Insurance (WestCor Land Title Insurance Company) \$357.50, Owner's Title Insurance \$330.50, Paid Outside of Closing (WesetCor Land Title Insurance Company) for a total of \$1,274.00.

18. Dallas attorneys, Peirson/Patterson received \$125.00 for document preparation; however, the appointment of the Trustee, "U.S. Title" did not comport with Mississippi real property law as the Trustee in a Mississippi Deed of Trust must be a "person."

19. Jeff Negrotto, as Mississippi Notary Public cannot have a financial interest in the Trustee as the Trustee holds legal title with Power of Sale for benefit of the beneficiary/grantee and borrower/trustor/grantor.

20. Jeff Negrotto as President/Owner of U.S. Title and Real Estate Closing Services Inc. knew or should have known that "U.S. Title" as designated is not a legal entity or "person" and is incapable of fulfilling the requirements of *bona fide Trustee* to be appointed as *Trustee* and therefore cannot accept the conveyance of legal title from Trustor, Mary Hamel-Schwulst to constitute a valid and enforceable Mississippi Deed of Trust, to secure a \$102,515.00 Gulf Breeze, FL promissory note.

21. Jeffery Negrotto as President/Owner of U.S. Title and Real Estate Closing Services Inc., closing agent for the transaction of Mississippi Deed of Trust and Title Agent for WestCor Land Title Insurance Company deceived Mary Hamel-Schwulst, borrower, that the Mississippi Deed of Trust was valid and enforceable by issuing the title policies to the beneficiary CountryPlace Mortgage Ltd. of Addison, Texas and the owner's title policy to her, when, in truth and in fact, the document did not constitute a Mississippi Deed of Trust, which requires three parties – the Grantor/borrower; the Trustee; the Grantee/Beneficiary.

22. A Mississippi Deed of Trust without a proper acknowledgement by a public officer or Notary Public cannot be recorded in the Chancery Court Land

Records of Harrison County, First Judicial District, Mississippi, and the false certificate of acknowledgement must be voided. [Miss. Code Annot. 89-3-3].

23. A Mississippi Trust Deed is an instrument in the nature of a mortgage which secures the payment of a debt and is distinguished from a mortgage in that the title is transferred and held by a trustee for the benefit of the holder of the debt.

24. A defectively acknowledged deed of trust is ineligible for recordation under Miss. Code Annot. 89-5-1, is invalid and unenforceable.

25. Notary Public Jeff Negrotto deceived Mary Hamel-Schwulst by his title company, U.S. Title and Real Estate Closing Services, Inc.'s recording an altered, invalid and unenforceable Mississippi Deed of Trust in the Chancery Court Land Records, Harrison County, Mississippi, November 29, 2007, Instrument 2007 22592 T J1, encumbering Mississippi real property located at 242 Woodman Avenue, Pass Christian, MS 39571.

26. After executing the acknowledgement, in the Mississippi Deed of Trust in Gulfport, MS, Jeffery Negrotto, Notary Public, President/Owner of U.S. Title and Real Estate Closing Services Inc. returned to Navarre, Florida with the original Mississippi Deed of Trust and Gulf Breeze, Florida note in the amount of \$102,515.00, and further deceived Mary Hamel-Schwulst by the addition of two signatures of witnesses, employees of U.S. Title and Real Estate Closing Services Inc., Dawn M. Effler and Mary Martin, to the original Mississippi Deed of Trust, in the offices of U.S. Title and Real Estate Closing Services Inc. in Navarre, Florida.

27. Mississippi real property law requires *delivery* of the original Deed of Trust to the beneficiary, "MERS", as nominee for CountryPlace Mortgage Ltd.

28. Delivery of the *altered* Mississippi Deed of Trust to CountryPlace Mortgage Ltd. does not constitute *delivery of the original* in satisfaction of the legal requirements.

29. Witnesses Dawn M. Effler and Mary Martin have both admitted in a companion lawsuit filed in the U.S. District Court for the Northern District of Florida, November 25, 2008, that neither witness attended Mary Hamel-Schwulst's real estate closing in Gulfport, MS and their names were affixed to the original Mississippi Deed of Trust as witnesses to the signature of Mary Hamel-Schwulst as human error in a post closing office procedure at U.S. Title and Real Estate Closing Services Inc. prior to recordation.

30. Mary Hamel-Schwulst is of the knowledge and belief that the two witnesses were added to the original Mississippi Deed of Trust in Navarre, Florida to serve as potential subscribing witnesses to the signature of Mary Hamel-Schwulst if the question of the invalidity of the Mississippi Deed of Trust Acknowledgement executed by Jeff Negrotto, Notary Public, State of Mississippi, surfaced at a later date due to the invalidity of his execution of his Mississippi Notary Public Oath of Office, executed in Okaloosa County, Florida, outside the State of Mississippi where residency is required to qualify.

31. Mary Martin deceived Mary Hamel-Schwulst by sending her an undated stamped "true copy" of the executed original Mississippi Deed of Trust without notary public seal for purposes of the Real Estate Settlement and Procedures Act on behalf of U.S. Title and Real Estate Closing Services Inc. without the two added

witness signatures which she alleges to be a "scan" of the Lender's Package.

32. Mary Hamel-Schwulst only discovered the discrepancy in the original Mississippi Deed of Trust "true copied" by Mary Martin and provided to Mary Hamel-Schwulst as a "true copy" of the original and the recorded altered version which was recorded in the Chancery Court Harrison County Land Records upon inspection of the official Chancery Court land records at the Harrison County Courthouse, Gulfport, MS in March 2008.

33. U.S. Title and Real Estate Closing Services Inc. through its Settlement Agent/Owner Jeffery Negrotto closed on an HUD/FHA construction/permanent loan, agency case no. 281-3325602, in the amount of \$102,515.00 for Mary Hamel-Schwulst that was to be modified upon receipt from FEMA of ICC Elevation funds in the amount of \$15,000.00 applied to principal of the loan, received by CountryPlace Mortgage Ltd., January 21, 2008.

34. Due to the invalid and unenforceable Mississippi Deed of Trust and Gulf Breeze, Florida note in the amount of \$102,515.00, caused by the deceit of Jeffery Negrotto, Notary Public, and title agent, and the unwillingness of Jeffery Negrotto, Dawn M. Effler, and Mary Martin to void the Mississippi Deed of Trust based on its alteration through U.S. Title and Real Estate Closing Services, Inc., Mary Hamel-Schwulst has been unable to sign modification documents for FHA and CountryPlace Mortgage, as one cannot modify an invalid and unenforceable Mississippi Deed of Trust security instrument, without voiding the instrument and executing a valid and enforceable Mississippi Deed of Trust, meeting legal requirements in the State of Mississippi.



35. Due to the deceit of the actors Jeff Negrotto, Dawn Effler, Mary Martin through the enterprise U.S. Title and Real Estate Closing Services Inc. in the execution and recordation of the Mississippi Deed of Trust, an invalid and unenforceable security instrument and the issuance of both owner's and lender's title insurance insuring the premises 242 Woodman Avenue, Pass Christian, MS, which security may be "pooled" and "sold" as a derivative on the world market, Mary Hamel-Schwulst has been subjected to foreclosure proceedings against her home located at 242 Woodman Avenue, Pass Christian, MS, which she rebuilt as a Hurricane Katrina victim, for the loan amount of \$102,515.00, which promissory note was not fully funded by Lender, and only funded to the extent of \$87,515.00.

36. Jeff Negrotto as owner/President of U.S. Title and Real Estate Closing Services Inc. is liable for his individual acts and the acts of his two employees, Dawn M. Effler and Mary Martin in their alteration of the Mississippi Deed of Trust and in Mary Martin's misrepresentation to Mary Hamel-Schwulst that the "true copy" provided to Mary Hamel-Schwulst under the Real Estate Settlement and Procedures Act was a "true copy" of the original recorded in the Chancery Court land records, at the Harrison County Courthouse, First Judicial District.

37. At all times material to this complaint for nondischargeability of debt, Jeffery Negrotto as President/Owner U.S. Title and Real Estate Closing Services Inc. had in full force and effect an errors and omissions liability policy insuring against the acts of his two employees, Dawn Effler and Mary Martin and also insuring against his negligence as Notary Public for his title company.

38. Jeffery Negrotto has not provided nor listed the name/identity of the errors and omissions insurance carrier for U.S. Title and Real Estate Closing Services Inc. to write title insurance for WestCor Land Title Insurance Company or to conduct real estate closing services in the states of Florida and Mississippi in his bankruptcy schedules, nor has he listed his asset of stock ownership in U.S. Title and Real Estate Closing Services Inc.

39. Creditor, Mary Hamel-Schwulst has made demand upon Jeffery Negrotto and U.S. Title and Real Estate Closing Services Inc. to void and cancel of public record the Mississippi Deed of Trust for fraud in the U.S. District Court for the Southern District of Mississippi, May 14, 2008, in Suit #1:08cv195LG-RHW *Dr. Mary Hamel-Schwulst vs. CountryPlace Mortgage LTD d/b/a CountryPlace Limited Texas Partnership, Casper Koble, John Williams, Jr., Palm Harbor Homes, Inc., U.S. Title & Real Estate Closing Services Inc., Jeffery Negrotto, and Peirson/Patterson LLP* without success, served with Notice of Lawsuit and Request for Waiver of Summons June 10, 2008. No appearance was made by either Jeffery Negrotto or U.S. Title and Real Estate Closing Services Inc. and before further service the Court ordered Arbitration at the request of CountryPlace Mortgage Ltd. and Palm Harbor Homes, which arbitration is set for June 16, 2009, interrupted by this Chapter 7 bankruptcy filing.

40. Creditor, Mary Hamel-Schwulst against made demand upon Jeffery Negrotto and U.S. Title and Real Estate Closing Services Inc. on November 25, 2008 in *Mary Hamel-Schwulst, Ph.D. vs. Jefferey P. Negrotto, U.S. Title & Real Estate Closing Services Inc., a Florida corporation, Notary Public Underwriters of Mississippi*

*Inc., a Mississippi Corporation, Mary Martin, and Dawn M. Effler, Mortgage Electronic Registration Systems, Inc., "MERS", a Delaware corporation, Suit #3:08cv529/MCR/EMT in the United States District Court for the Northern District of Florida, served with civil process on March 26, 2009, Santa Rosa County, Florida.*

41. After service of process in Suit #3:08cv529/MCR/EMT, Jeffery Paul Negrotto filed this Chapter 7 Bankruptcy Petition, April 2, 2009, and Ordered Relief of automatic bankruptcy stay ensued. Bankruptcy Counsel, Richard Powell filed a *Suggestion of Bankruptcy* in Suit #3:08cv529/MCR/EMT and thereafter Magistrate Judge Timothy issued a recommendation that pursuant to 11 U.S.C. Section 362, Suit #3:08cv529MCF/EMT be stayed only as to defendant Jeffery Negrotto, May 27, 2009. [Stay Order Attached]

42. Due to the deceit and misrepresentations of Jeffery Negrotto individually together with his two added witnesses, in the execution and recordation of the altered Mississippi Deed of Trust, Mary Hamel-Schwulst has been unable to secure an FHA Case Number for a Reverse Mortgage, to obtain entitled equity refinancing from Senior Lending, to satisfy the \$86,515.00 debt with CountryPlace Mortgage, due to the existing FHA Case Number assigned to the present altered and recorded Mississippi Deed of Trust and Gulf Breeze, Florida note.

43. Due to the deceit and misrepresentations in the defective acknowledgement of Jeffery Negrotto, Notary Public, U.S. Title and Real Estate Closing Services Inc., through its President/Agent Jeffery Negrotto issued a Lender's title policy on 242 Woodman Avenue, Pass Christian, MS 39517

in the amount of \$102,515.00, insuring a valid and enforceable first lien and privilege on the altered documents, and an owner's policy to Mary Hamel-Schwulst, excepting to the Mississippi Deed of Trust, November 26, 2007.

44. Jeffery Negrotto obtained money under false representations to Creditor, Mary Hamel-Schwulst and knew that his representations of qualifications for Mississippi Notary Public were false and knew that the addition of two witnesses, Dawn Effler and Mary Martin were false and is liable for their acts.

45. Mary Hamel-Schwulst relied upon the representations of a public officer, Notary Public of the State of Mississippi and her reliance upon the validity and Enforceability of the Mississippi Deed of Trust caused her loss in the amount of \$102,515.00, plus costs and attorneys' fees in the foreclosure of her residence by CountryPlace Mortgage Ltd for her failure to sign modification documents on the altered Mississippi Deed of Trust and obligatory Gulf Breeze, Florida note.

46. The proximate cause of the loss of \$102,515.00 in damages to MaryHamel-Schwulst was the deceit and misrepresentations of Jeffery Negrotto, under color of law, and his title company employees of U.S. Title and Real Estate Closing Services Inc. in the execution and recordation of the invalid and unenforceable Mississippi Deed of Trust in the Chancery Court Land Records of Harrison County, First Judicial District, State of Mississippi.

47. Jeffery Paul Negrotto has failed to declare as personal non-exempt assets the following:

- (a) Pro Liner 20 foot power boat, registered in the State of Mississippi in the name of Jeffery Negrotto, Department of Wildlife and Fisheries

- (b) Pro Liner 21 foot cabin power boat, registered in the State of Mississippi in the name of Jeffery Negrotto, Department of Wildlife and Fisheries
- (c) Sting Ray 16 foot power boat, registered in the State of Mississippi In the name of Jeffery Negrotto, Department of Wildlife and Fisheries

48. Jeffery Paul Negrotto has failed to declare as a liability the lawsuit #1:08cv195LG-RHW "Complaint for Violations Under Real Estate Settlement and Procedures Act and Mississippi Mortgage Consumer Protection Law filed in the U.S. District Court for the Southern District of Mississippi, May 14, 2008.

#### RELIEF SOUGHT

- I. Order of Nondischargeability against Debtor Jeffery Negrotto and the acts his two employees, Dawn Effler and Mary Martin, of the \$102,515.00 plus unliquidated damages Claim of Mary Hamel-Schwulst for Fraud, Title 11 Sections 523(a)(2)(A)(B)(3) United States Code.
- II. Rescission/cancellation of public record Mississippi Deed of Trust, recorded in the Chancery Court Land Records, First Judicial District, State of Mississippi, Instrument Number: 2007 22592 T J1, filed November 29, 2009.
- III. All costs of this proceeding.

Respectfully submitted,

*June 1, 2009*  
*Mary Hamel-Schwulst*  
MARY HAMEL-SCHWULST  
242 Woodman Avenue  
Pass Christian, MS 39571  
(228)697-5739

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF FLORIDA  
PENSACOLA DIVISION**

MARY HAMEL-SCHWULST

VS

CASE NO. 3:08cv529 MCR/EMT

JEFFEREY P. NEGROTTA, ET AL

**DEFAULT**

Upon Application of the Plaintiff in the above styled cause and having examined the records and there appearing to be no responsive pleadings filed by the defendant, default is hereby entered against U. S. TITLE AND REAL ESTATE CLOSING SERVICES, INC. on August 5, 2009.

WILLIAM M. McCOOL, CLERK OF COURT

August 5, 2009  
DATE

/s/ Lynn E. Uhl  
Court Operations Specialist