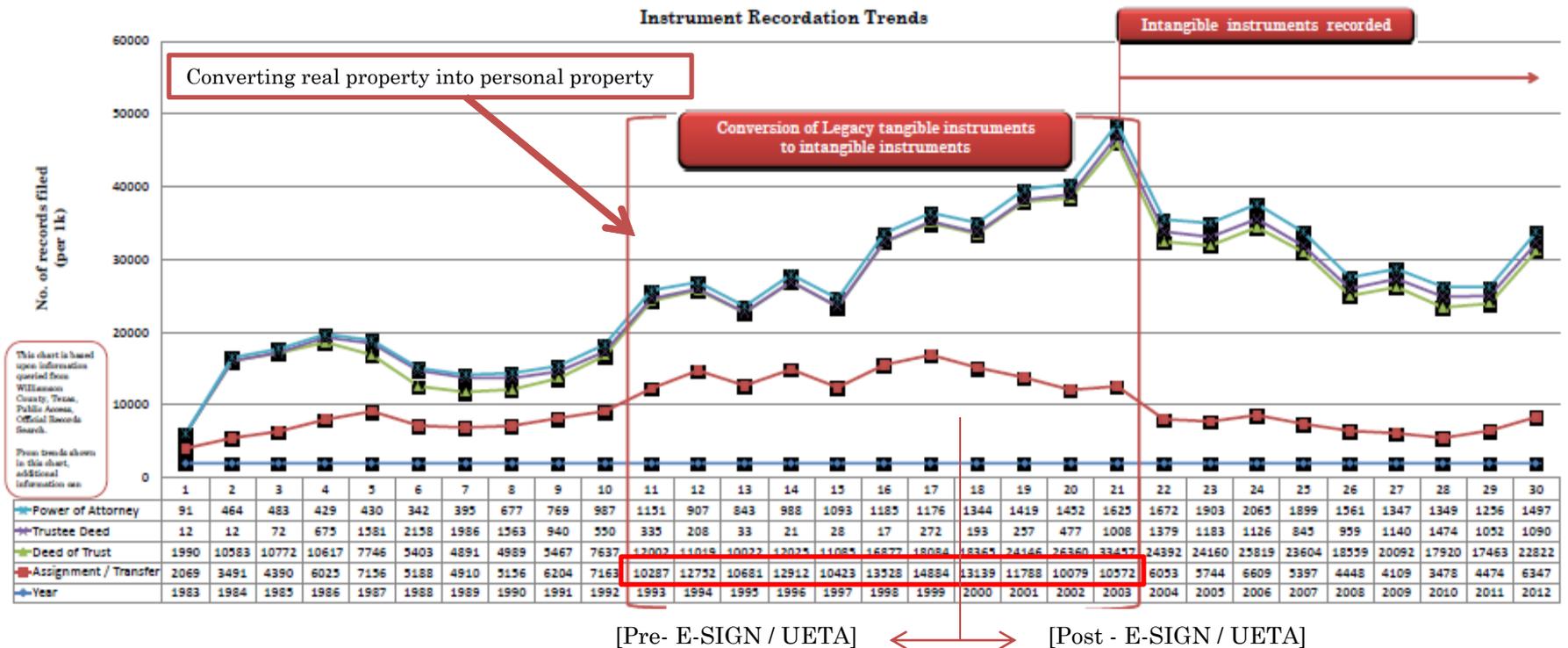


# Hocus Pocus?

This is “the magic trick”, the “Or Interest In” eScheme that is used, and has been used for many years by MERS/GSE members. Yes, MERS and GSE’s are apparent prior to Y2K.

And the way it appears even to this day, Congress supports this illusion. It appears that several states agree also?



(From actual public records research)

Click to proceed

I challenge you to accomplish this research also, so you will know when it started in your county.

# Hocus Pocus?

This is the tool MERS/GSE members utilize for the magic trick.

**Question:** Do you understand what this “intangible” covenant wording means?

## DEED OF TRUST

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

[COVENANT # 20; page 3 of 17]

**20. Sale of Note; Change of Loan Servicer; Notice of Grievance.** The Note or a partial interest in the Note (together with this Security Instrument) can be sold one or more times without prior notice to Borrower.

(Form 3044 ) TEXAS--Single Family--Fannie Mae/Freddie Mac UNIFORM INSTRUMENT page 3 of 17

(This wording can be found in the many intangible Fannie Mae security instruments)

“a partial interest in the Note (**together with this Security Instrument**)?”

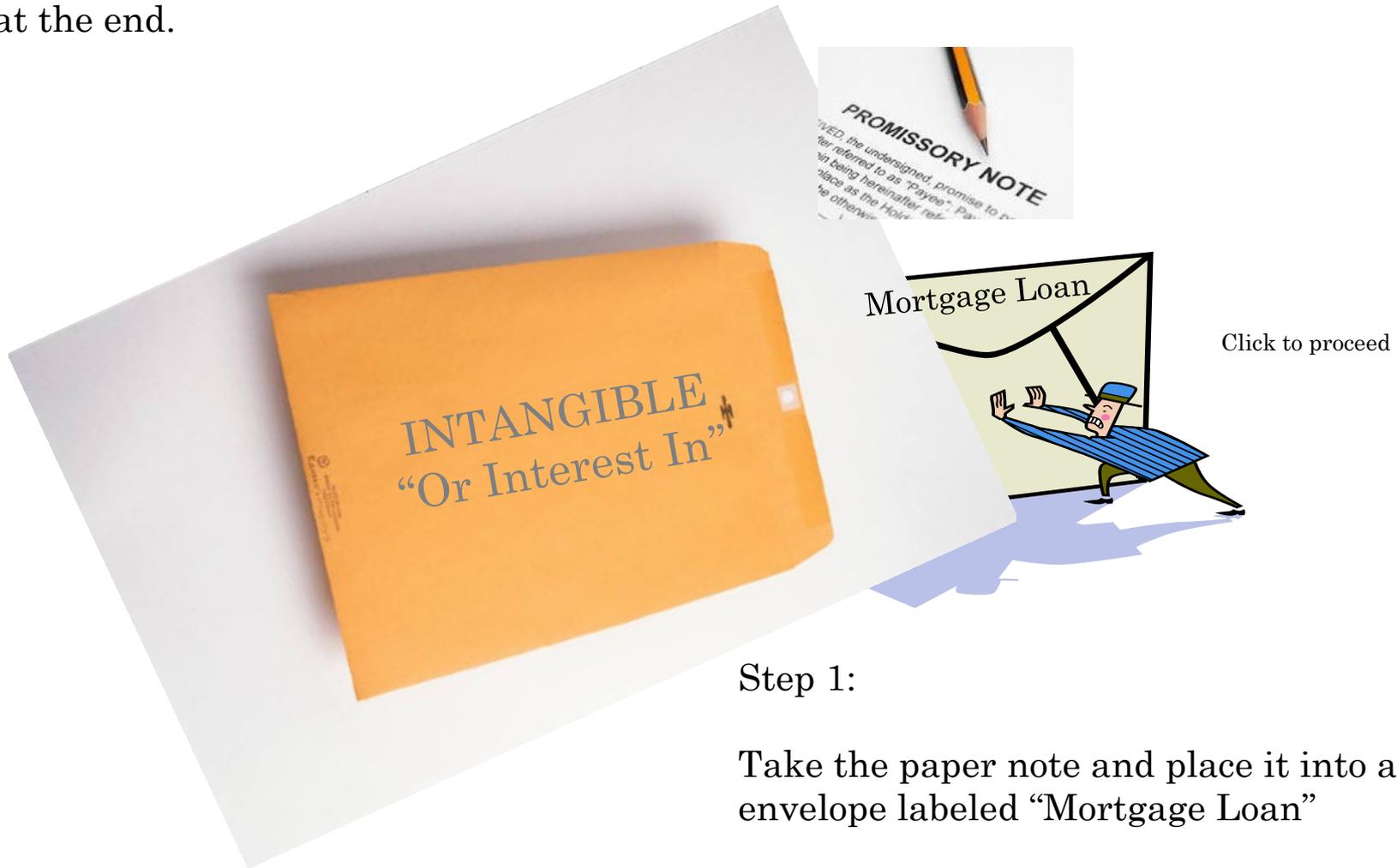
(Do you want to buy some wooden nickels?)

**Answer:** “Covenant 20” wording creates a transferable record!

Click to proceed

# Hocus Pocus?

By using this *intangible* “Or interest in” magic trick, the masses have thought that this operation according to contract was lawful? Maybe because it was, and is being used by MERS/GSE members for many years? a.k.a. “*Too big to fail*” members. Quiz at the end.



Step 1:

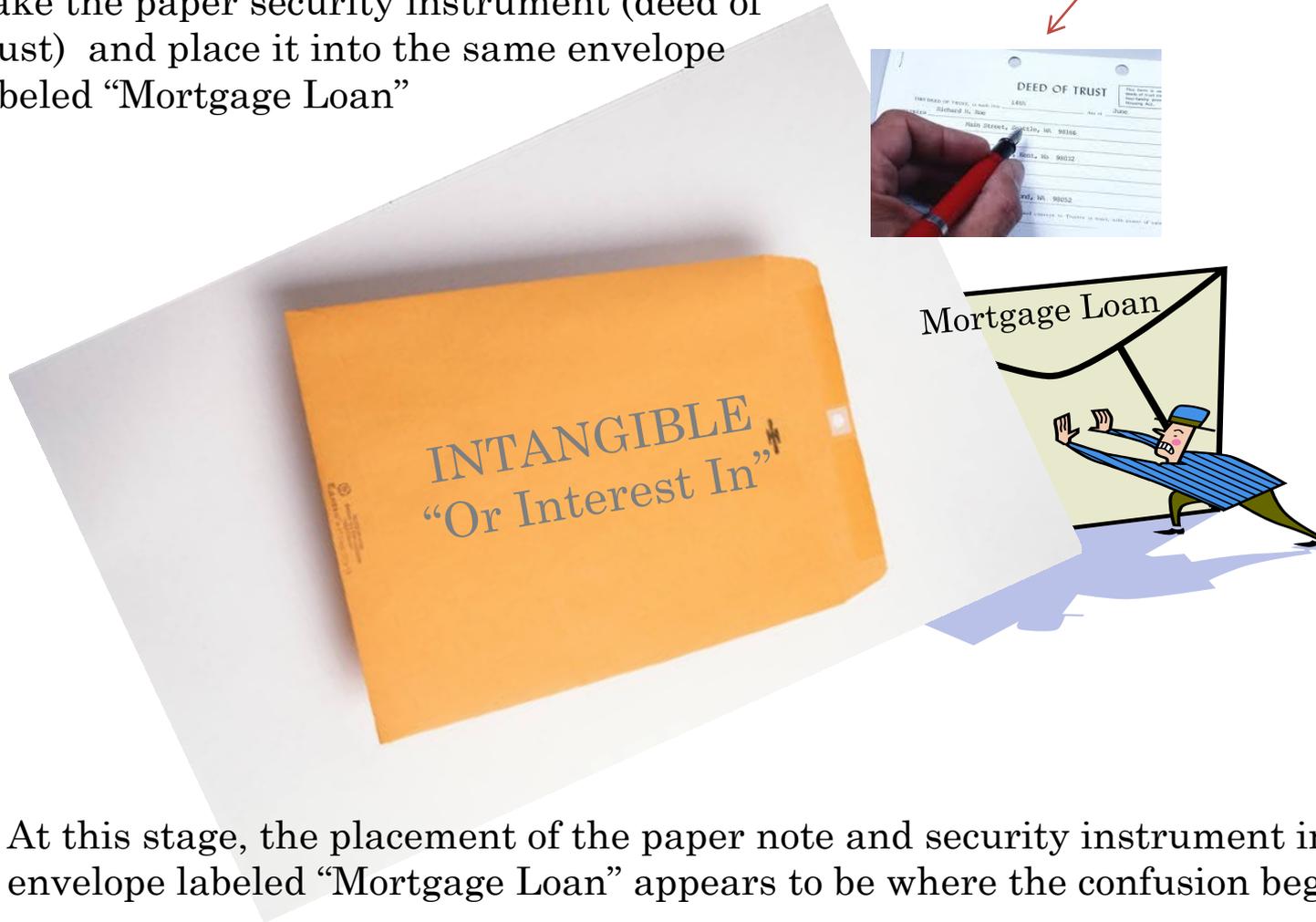
Take the paper note and place it into an envelope labeled “Mortgage Loan”

# Hocus Pocus?

Step 2:

Take the paper security instrument (deed of trust) and place it into the same envelope labeled “Mortgage Loan”

a.k.a. Deed of Trust



At this stage, the placement of the paper note and security instrument into the envelope labeled “Mortgage Loan” appears to be where the confusion begins.

Click to proceed

# Hocus Pocus?

## Step 2(a):

The paper note and security instrument placed into the same envelope labeled “Mortgage Loan” is considered a secured debt.

Click to proceed

## Step 3:

The envelope labeled “Mortgage Loan” contains the paper security instrument, which holds a *temporary* perfection and *secured* status.

Click to proceed



For the “Mortgage Loan” envelope to be considered *permanently* perfected, the named party as Grantee would record the security instrument in public land records, (in the county where the real property is located), to provide constructive notice that the Grantee is the Secured Creditor of Record.

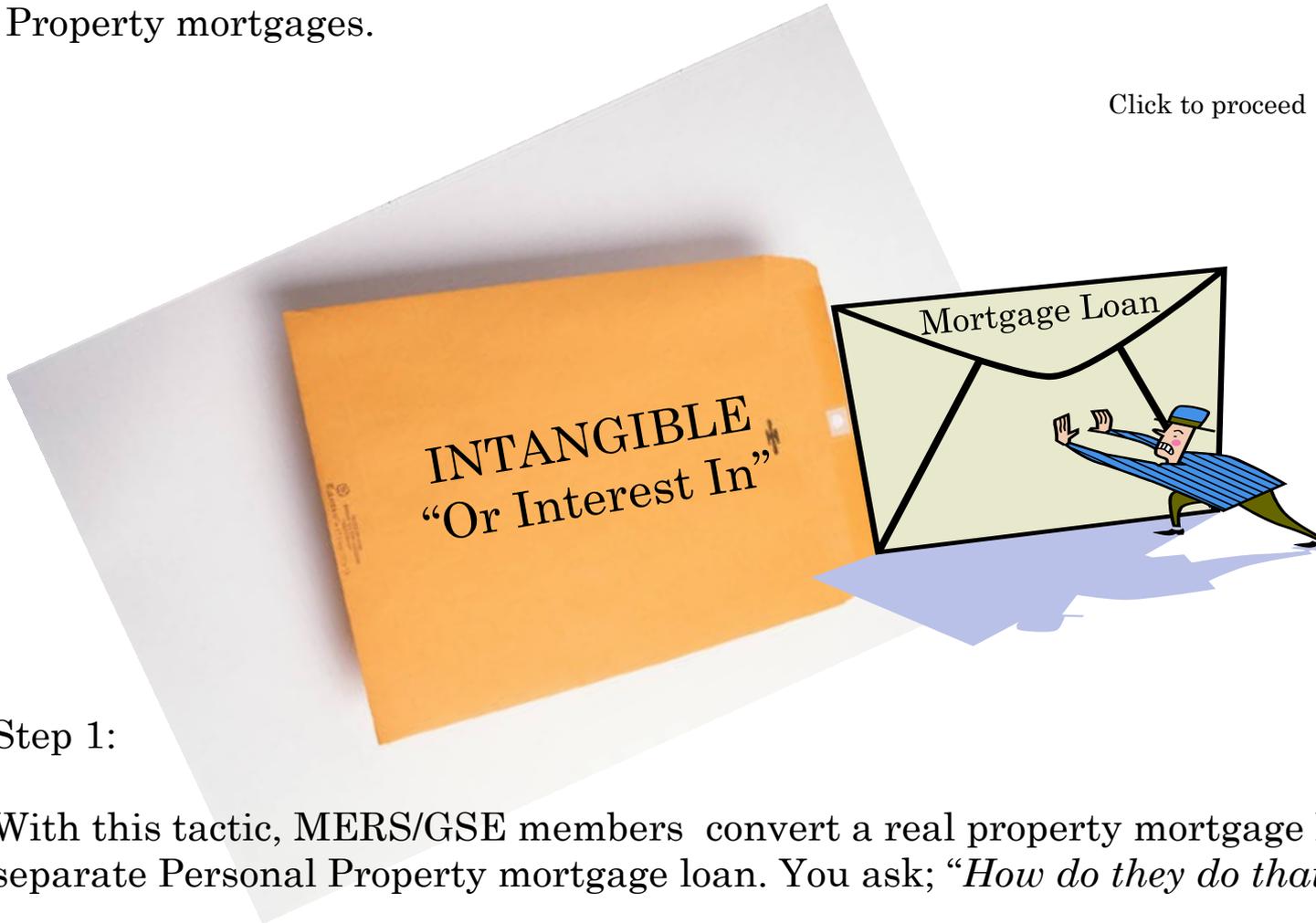
Click to proceed

# Hocus Pocus?

Step 2(b):

The security instrument trick , “covenant 20”, (explained on slide 2), which is utilized by MERS/GSE members, twists the age old paper way of doing *things* with Real Property mortgages.

Click to proceed



Step 1:

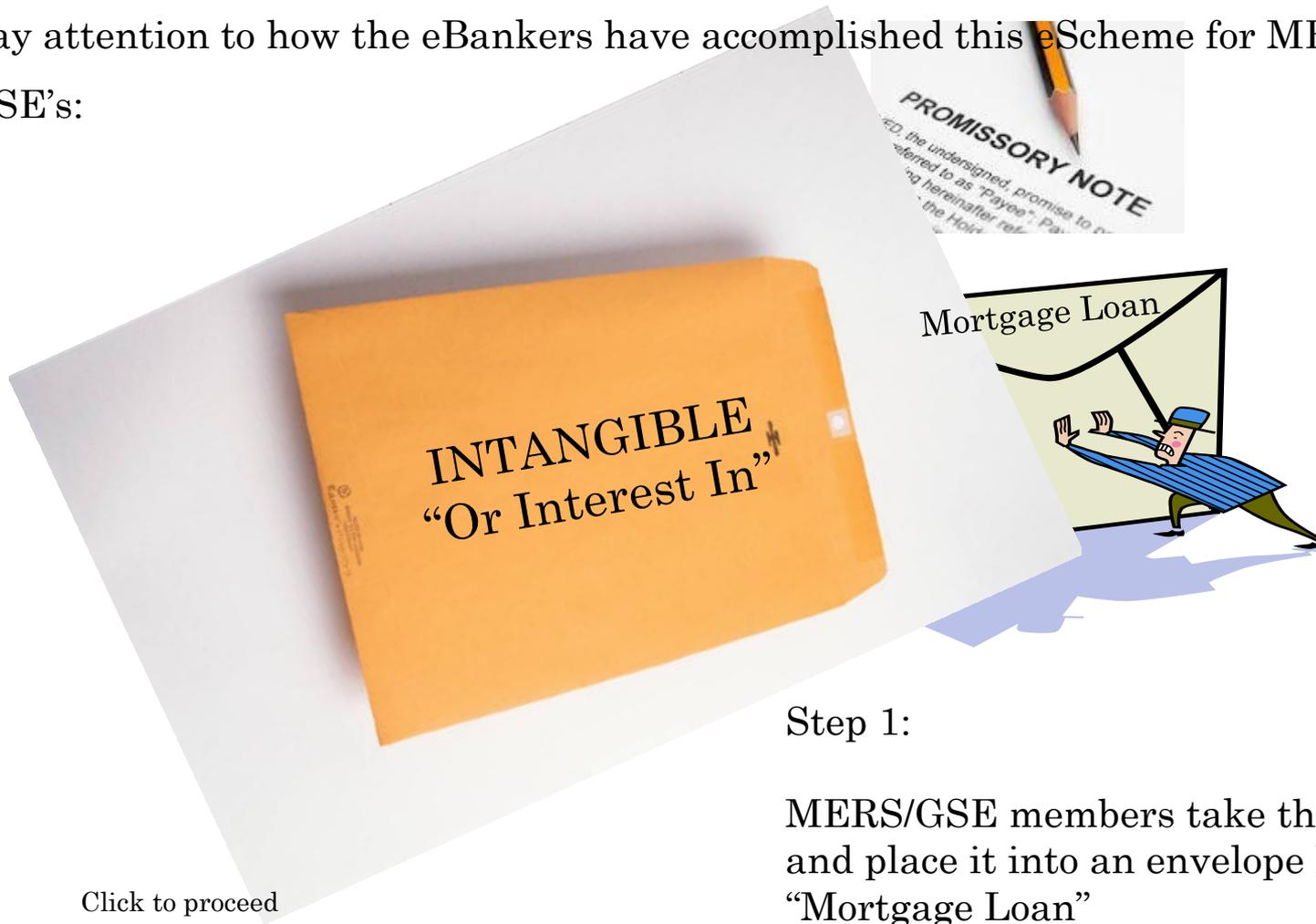
With this tactic, MERS/GSE members convert a real property mortgage loan into a separate Personal Property mortgage loan. You ask; “*How do they do that*”?

Click to proceed

# Hocus Pocus?

This is how the wording in “covenant 20” is used by MERS/GSE junkies, uh, I mean members.

Pay attention to how the eBankers have accomplished this eScheme for MERS and GSE’s:



Step 1:

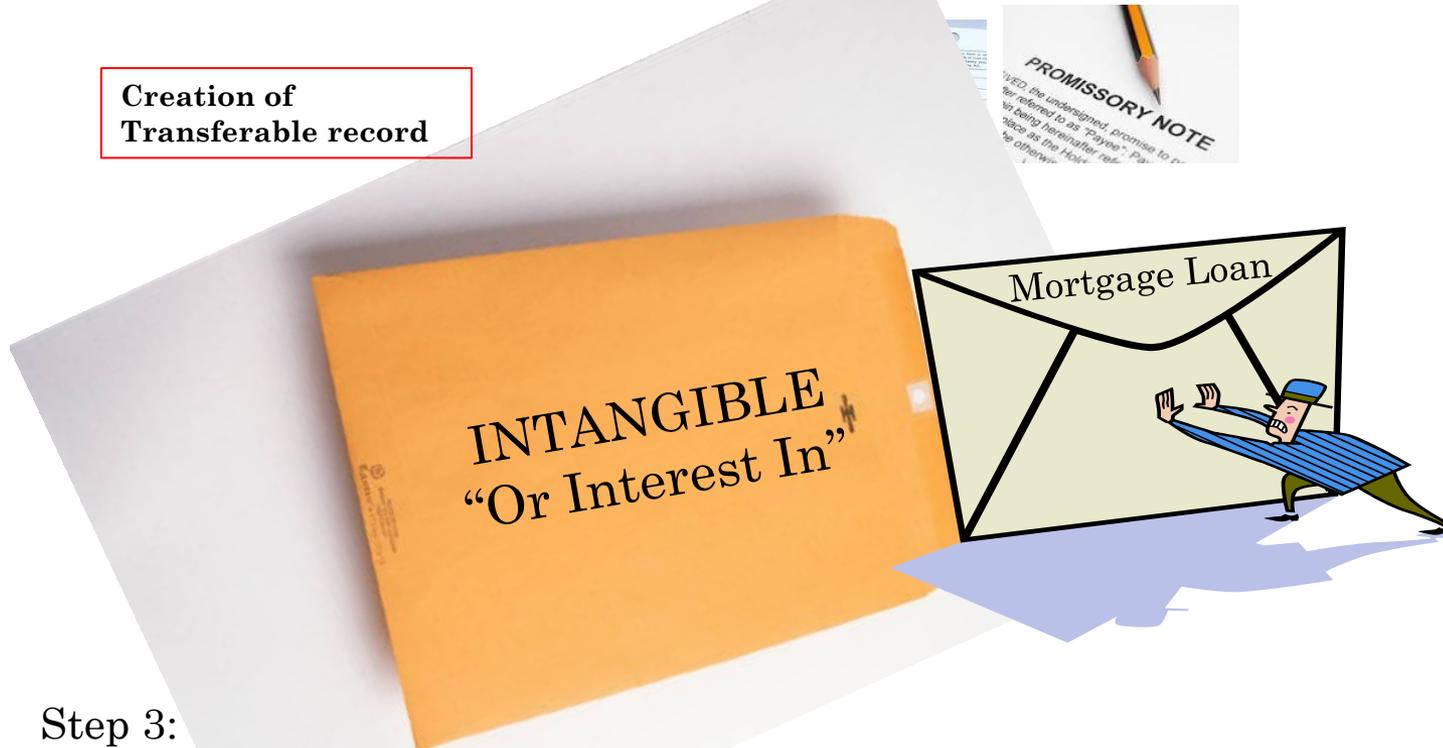
MERS/GSE members take the paper note and place it into an envelope labeled “Mortgage Loan”

# Hocus Pocus?

## Step 2(b):

With the use of “covenant 20”, MERS/GSE members can strip the paper security instrument from the paper note for the “mortgage loan” envelope and place the converted security instrument, a transferable record, into the envelope labeled INTANGIBLE “Or Interest In”, which is a personal property mortgage loan of a MERS/GSE member.

Creation of  
Transferable record



## Step 3:

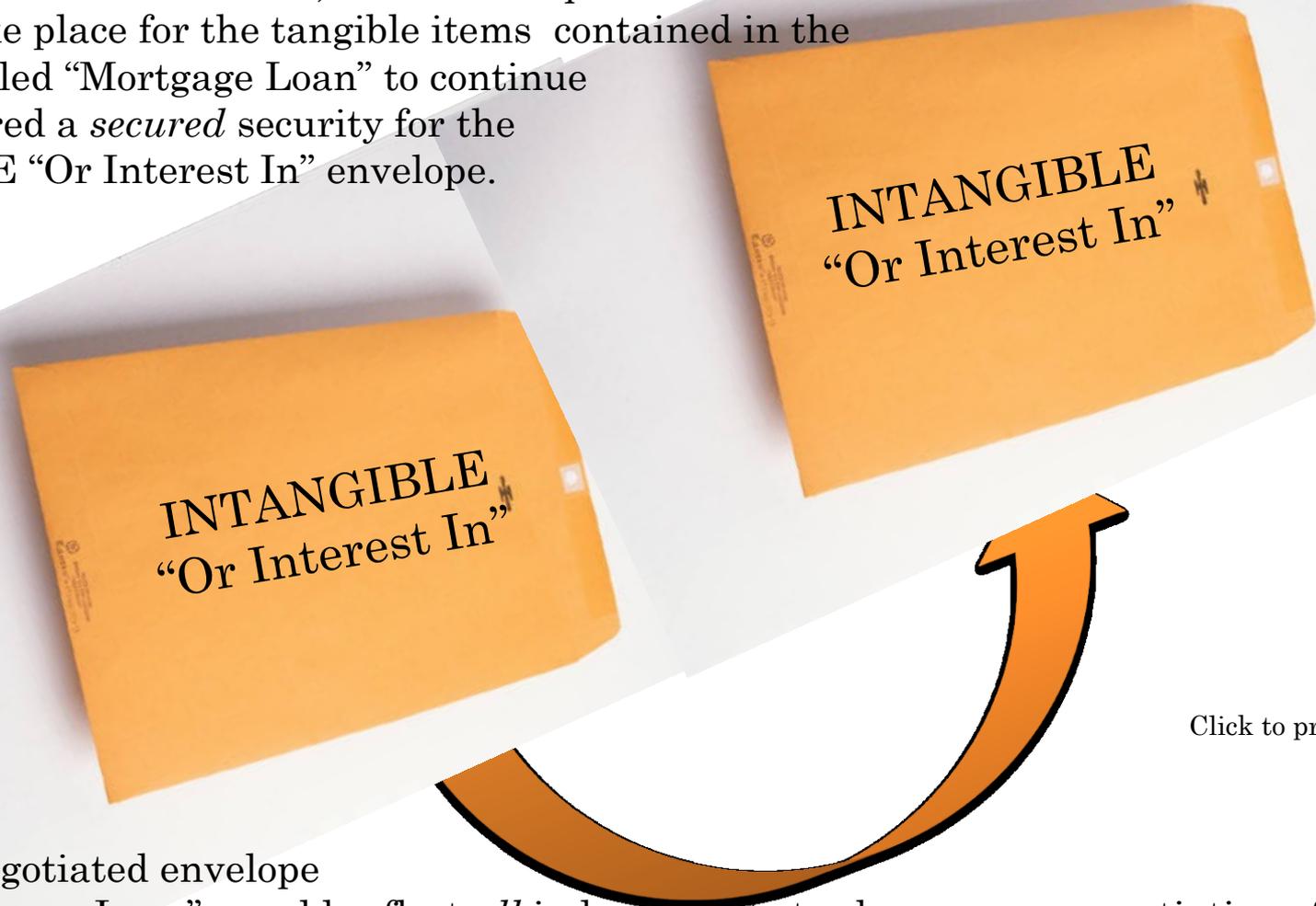
After placing the paper security instrument into the envelope labeled INTANGIBLE “Or Interest In”, and placing the paper note in the “mortgage Loan” envelope, the MERS/GSE member will then shove the envelope labeled “Mortgage Loan” into the envelope labeled INTANGIBLE “Or Interest In”, which many believe is a real property mortgage.

Click to proceed

# Hocus Pocus?

## Assign, Transfer

For any *intangible* assignment, transfer, a negotiation of the envelope labeled INTANGIBLE “Or Interest In”, there are required actions that *must* take place for the tangible items contained in the envelope labeled “Mortgage Loan” to continue to be considered a *secured* security for the INTANGIBLE “Or Interest In” envelope.



INTANGIBLE  
“Or Interest In”

INTANGIBLE  
“Or Interest In”

Click to proceed

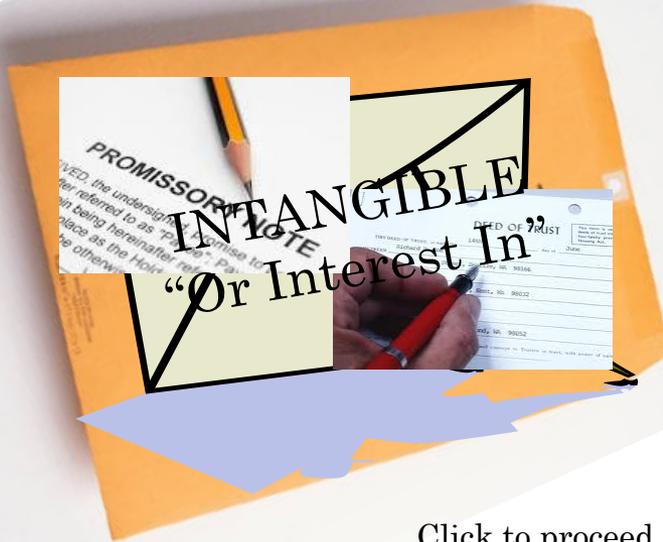
A properly negotiated envelope labeled “Mortgage Loan”, would reflect *all* indorsements to show proper negotiation of the paper note, and that a perfected chain of title exists in public land records to reflect such negotiation.

# Hocus Pocus?

Operation of Law 3(a):

The paper note and security instrument placed into the same envelope labeled “Mortgage Loan” is considered a secured debt.

The “Mortgage Loan” envelope is the “security” for the envelope labeled INTANGIBLE “Or Interest In”.



Click to proceed

Operation of Law 3(b):

The envelope labeled “Mortgage Loan” that is stuffed into the large envelope labeled INTANGIBLE “Or Interest In” has laws that govern the paper note and the security instrument in the envelope labeled “Mortgage Loan”.

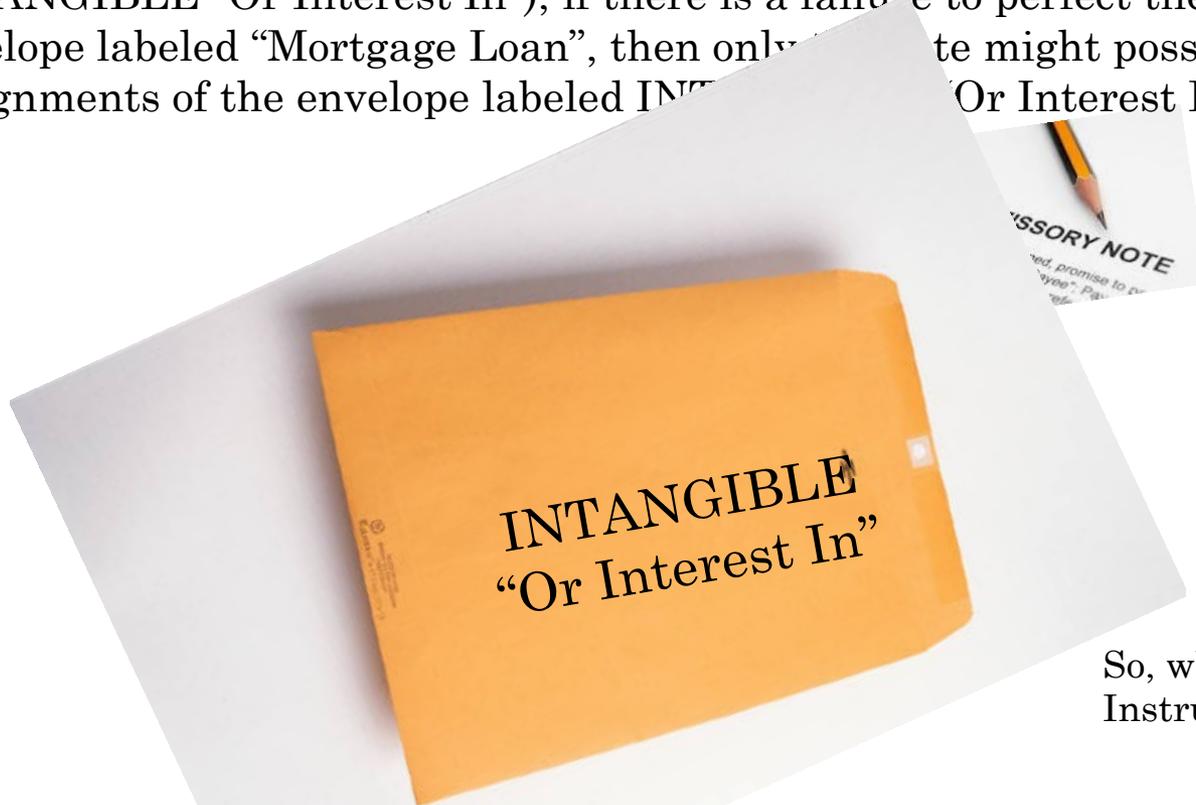
For any negotiation of the envelope labeled INTANGIBLE “Or Interest In”, there are required actions that must take place for the items in the envelope labeled “Mortgage Loan”.

By operation of law, for any transfer, assignment, negotiation of the paper Note, a recordation IS required to reflect a subsequent Secured Creditor named in public land records. (In Texas: Tex. Loc. Govt. Code 192.007)

# Are your Civil Rights being violated?

Assign, Transfer

For any assignment or transfer, (the intangible negotiation of the envelope labeled INTANGIBLE “Or Interest In”), if there is a failure to perfect the security instrument in the envelope labeled “Mortgage Loan”, then only the eNote might possibly survive the intervening assignments of the envelope labeled INTANGIBLE “Or Interest In”.



Click to proceed

So, what happened to the Security Instrument?

The security instrument was stripped from the paper note, rendering the Deed of Trust unenforceable to an intangible “Or Interest In” eNote obligation and the tangible paper note obligation.



# Could this eScheme be a negotiation according to operation of Law?

Sec. 3.104. NEGOTIABLE INSTRUMENT.

(b) "Instrument" means a negotiable instrument.

Sec. 3.203. TRANSFER OF INSTRUMENT; RIGHTS ACQUIRED BY TRANSFER.

(b) Transfer of an instrument, whether or not the transfer is a negotiation, vests in the transferee any right of the transferor to enforce the instrument, including any right as a holder in due course. The transferee cannot acquire rights of a holder in due course by a transfer, directly or indirectly, from a holder in due course if the transferee engaged in fraud or illegality affecting the instrument.

→ (d) If a transferor purports to transfer less than the entire instrument, negotiation of the instrument does not occur. The transferee obtains no rights under this chapter and has only the rights of a partial assignee.

*“a partial interest in the Note (together with this Security Instrument)?”*

(Do you want to buy some wooden nickels?)

Click to proceed

# Are your Civil Rights being violated?

Almost forgot this;

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

According to Covenant 16; Remove covenant 20, and the only parties to the security instrument are;

- (1) Grantor,
- (2) Grantee, and
- (3) Trustee

as reflected in the original security instrument recorded in public land records.

## Questions:

- (1) After removing 20, Where does MERS or GSE's fit in this scenario?
- (2) Without removing 20, how could a MERS assignment be eligible for recording?

[Click to proceed](#)

# Too big to fail?

Quiz:

Do you know when the term “Too big to fail” was coined ?

Answer: 1984

This was meant for Paper tangible primary market not electronic  
secondary payment intangibles market

Next Question;

If too big to fail was coined for the tangible primary market, what is  
the coined phrase for the secondary “payment intangible” market?

Trillion Dollar FUBAR