Date:		10/11/2011
To:	.*	JEFFREY A. THORNE C/O VERNON BRADLEY, ESQ.
From:		DIRECTOR OF PRODUCTION
RE:		SCOTT CALL JOLLEY vs.
		CHASE HOME FINANCE, LLC, ET AL.
File:		68760
Deposition	n of:	JEFFREY THORNE
Deposition	n Date:	10/04/2011

cc:

All counsel present

Enclosed is a condensed copy of your deposition transcript in the above-referenced matter, a Declaration under Penalty of Perjury certificate and an errata sheet to note your changes to the transcript, if necessary. Your notarized signature is requested as acknowledgment that you have read the transcript.

Please complete the following steps within 30 days of the date of this memorandum:

- Read the enclosed copy of the transcript of your deposition

- Make any corrections necessary on the errata sheet only. If you do not wish to make changes, write 'No Changes' on the top of the errata sheet.

- Sign the bottom of the errata sheet

- Sign and date the certificate

- Return only the signed errata sheet. The condensed transcript is yours to keep.

If the signed errata sheet is not returned within 30 days of the date on this memorandum, the transcript will be forwarded to the deposing attorney.

RETURN REQUESTED DOCUMENTS TO: Esquire - Sacramento 2151 River Plaza Drive Suite 300 Sacramento, CA 95833

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٦ 3 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA INDEX OF EXAMINATION 1 IN AND FOR THE COUNTY OF MARIN 2 WITNESS: Jeffrey A, Thorne 3 PAGE **EXAMINATION** 4 SCOTT CALL JOLLEY. 7 5 By Ms. Kelly Plaintiff, By Mr. Bradley 55 6 vs. 73 7 By Ms. Kelly Case No. CIV 1002039 CHASE HOME FINANCE, LLC. 8 et al.. 9 Defendants. 10 11 12 13 14 15 16 DEPOSITION OF 17 JEFFREY A. THORNE 18 19 October 4, 2011 20 10:19 a.m. 21 22 2151 River Plaza Drive 23 Suite 300 Sacramento, California 24 25 Daniel E. Blair, CSR No. 4388 2 APPEARANCES OF COUNSEL 1 INDEX OF EXHIBITS 1 2 2 Exhibit Description Page For Plaintiff SCOTT CALL JOLLEY: 3 Law Offices of Vernon L. Bradley Facsimile Transmittal to Kelly з А 41 4 Vernori L. Bradley, Esq. 4 from Bradley, 9/29/11; Plaintiff's 5 Waldo Point Harbor 5 **Expert Witness Disclosure** 54 Liberty Dock Statement for Jeffrey A. Thome; 6 Sausalito, California 94965-3106 6 415.331.4441 7 six pages 7 415.331.4443 Fax 8 В Deposition Subpoena, five pages 41 8 For the Defendant CHASE HOME FINANCE, LLC: 9 С Letter to Sonstrom (sic) from 42 9 10 Bradley, 5/8/06, five pages Law Offices of Sohnen & Kelly D Email to Jolley from Thome, 43 11 10 Patricia M. Kelly, Esq. 12 8/15/06, three pages Suite 230 2 Theatre Square 11 13 Ē Email to Thorne from Dibasilio, 44 Orinda, California 94563 14 8/30/06, four pages 925.258.9300 12 F 15 Request for Modification to 21 925.258.9315 Fax 13 Netlaw@pacbell.net 16 Existing Loanborrower, three pages 14 17 G Email to Del Rosario from Thorne, 45 15 18 9/20/06, four pages 16 17 19 н Email to Jolley from Thorne, 46 18 20 9/21/06, one page 19 21 Modification Agreement to 1 46 20 22 Note/Mortgage/Deed of Trust, 21 22 23 DEF0810 and DEF0811 23 24 J Email to Del Rosario from Thorne, 47 24 12/3/08, one page 25 25



Jeffrey A. Thorne

Toll Free: 800.610.0505 Facsimile: 916.446.2777

October 4, 2011

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1		INDEX OF EXHIBITS		1	DEPOSITION OF JEFFREY A. THORNE	
2	Exhibit	Description Page		2	October 4, 2011	.
3		o Jolley from Thorne, 48		3		
4		08, two pages		4	JEFFREY A. THORNE,	
5	L Fax	o Del Rosario from Jolley, 48		5	having been first duly sworn, testifies as follows:	
6	2/15/	08, one page		6	(Exhibits A through V marked.)	
7	M Lett	r to Jolley from Wilson, 48		7	EXAMINATION	
8		08, one page		8	BY MS. KELLY:	
9		er to Jolley from Wilson, 49		9	Q. Good morning.	
10		08, one page		10	A. Morning.	
11		r to Songstroem (sic) from 4	Э	11	Q. My name is Patricia Kelly. I'm an attorney for	1
12		ey, 3/21/08, one page		12	Chase Home Finance in a lawsuit filed against it by	
13		to Jolley from Wilson, 50		13	Scott Call Jolley.	
14		18, one page		14	Have you had your deposition taken before?	
15			0	15	A. No.	
16		al, 5/5/08, one page		16	Q. I will go through a couple of the ground rules.	
17		er to Jolley from Wilson, 51		17	First I want to remind you you're under oath. Do you understand that?	
18		38, one page		18	-	
19		to Thorne from Bradley, 32		19	A. Yes.	
20		08, one page		20	Q. And that everything being said in this room is being taken down by the reporter unless we agree to go	
21			32	21		
22		38, one page		22 23	off on a break. Okay? A. Yes.	
23		e of Default letter to Jolley 51		23	Q. And this means a couple of things: One is we	
24		Chase Construction Loss		25	need to answer audibly and loudly so the reporter can	
25	Miliga	tion Dept., 7/16/09, two pages			The control and the second sec	-
			6	~		3
1		INDEX OF EXHIBITS		1	take down accurately what has been said. Okay?	
2	Exhibit	Description Page		2	A. Okay.	ľ
3	V Vario	bus Documents, 89 pages	52	3	Q. It also means I have to wait until you're done	
4				4	with your answer. If I'm not waiting, let me know	
5				5	you're not finished. You also need to wait until I'm	1
6.				6	done with my question before you give your answer.	
7				7	Okay?	
8				8	A. Okay.	
9				9	Q. And that's important because everything is	
10				10	being taken down. And if you give an answer to a	
11				11	question and you haven't understood the question, in the	
12				12	booklet it will look like you did understand the	
13				13	question. So if you don't understand or didn't hear my	
14		,		14	question, make sure you tell me to repeat it. Okay?	
15				15	A. Okay.	
16				16	Q. And if it's not clear, tell me that it's not	
17				17	clear so I can rephrase it. Okay?	
18		Sector a de la constance de la		18	A. Okay.	
19				19	Q. Everything is being taken down in the booklet.	
20				20	Afterwards you're given a chance to look at the booklet.	
				21	Now, you can't change my questions, but you can change	
21				22	your answers, and you can change or correct answers.	
21 22					Observations to consider the structure and the constitution to device and the	
				23	Changing it would be if you said one thing today and you	
22				23 24 25	Changing it would be if you said one thing today and you give a different answer by changing it in the booklet. Okay?	



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1	A. Okay.	1	senior construction loan consultant. That was my	
2	Q. And you can correct your answer also if for	2	position. I was asked in May of 2005 to travel back and	
3	some reason it wasn't taken down correctly, to change	3	forth from Sacramento, spending four days a week in	
4	the answer to what you said today.	4	Chatsworth where the construction lending division was	
5	A. Okay.	5	located, to share my expertise in construction lending	
6	Q. Do you have any questions before we start?	6	and revamp their construction department because they	
7	A. No.	7	were not properly running the department. And that was	
8	MR. BRADLEY: Just I'd like on the record that	8	asked of me by Kerry Killinger, the president of	
9	he is appearing as a designated expert witness for the	9	Washington Mutual and the executive VP.	
10	plaintiff.	10	So as per my title, I was a senior loan	
11	MS. KELLY: But not in this deposition. This	11	consultant, was my real title.	
12	is the deposition of a percipient witness, not an expert	12	Q. And over what period of time did you hold that	
13	witness.	13	title?	
14	MR. BRADLEY: Okay. I'd think you'd want to	14	A. I held that I did that new work from May of	
15	take them at the same time, but fine.	15	2005 until I left the company in July of 2006.	
16	MS. KELLY: Okay.	16	Q. What job did you do immediately before May of	
17	Q. And if you do have any questions at any time	17	2005?	
18	during the deposition, just let me know. Okay?	18	A. I was a senior loan consultant. I was a	
19	A. Okay.	19	regular loan officer bringing in loans; that I'd been	
20	Q. Because I want to make sure you understand what	20	doing for 20-some-odd years.	
21	is said and you're giving me your best answer. Okay?	21	Q. So you went from senior loan consultant to	
22	A. Okay.	22	senior construction loan consultant; is that right?	
23	MR. BRADLEY: What's going to be confusing,	23	A. Well, I was senior loan consultant the whole	
24	though, if you get into areas, though, where you're	24	time I was with the company.	
25	asking him his opinion as a former high-level official	25	Q. Okay.	
		<u> </u>	and the second	
	10	1	•	12
1	of WaMu running their construction department, you're	1	A. Which began in 9 of '02.	12
1 2	of WaMu running their construction department, you're	1	A. Which began in 9 of '02. MR. BRADLEY: J quess you became de facto head	12
2	of WaMu running their construction department, you're getting into expert opinion. It's very hard to separate	1 2 3	A. Which began in 9 of '02. MR. BRADLEY: 3 guess you became de facto head of the construction	12
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2 3 4 5	of WaMu running their construction department, you're getting into expert opinion. It's very hard to separate them out. I understand you probably want an additional deposition or you specifically want an expert deposition, not a designated, but I think it's going to be very difficult and I'll end up objecting every time	2 3 4 5	MR. BRADLEY: I guess you became de facto head of the construction THE WITNESS: I more what more or less happened is everybody was to sort of move out of the way, let me in, see what was going on, and make changes	12
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October 4, 2011

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 1 Q. Do you recall at any point there got to be some 2 disagreement about disbursements on that loan? 3 A. Oh, there were lots of disagreements on the 4 disbursements of the loan. 3 Q. Okay. You gave the information to some clerk 4 disbursements of the loan. 3 Q. Okay. You gave the information to some clerk 4 disbursements of the loan. 5 Q. Okay. You gave the information to some clerk 6 Who was supposed to be doing disbursements, right? 7 A. Mm-hrm. 9 A. There got to be a dispute as to what percentage 1 was completed, what work was on site, what work wasn't 1 on site. I mean, there were many disputes between WaMu 13 and Mr. Jolley as to what was on or off site, as to what 14 should be paid and what shouldn't be paid. 9 Do you recall atter you gave the file back to 15 that: 9 A. The file came back to me again after the clerk 16 action the house is going to be bigger than what was 17 A. No, I don't. 18 Q. Do you recall how the file got back to you? 19 A. The file came back to me again after the clerk 19 Because normally a set of plans, cost breakdown and a 20 description of materials have to be given to us to 21 believe a plans? I skid, What plans is he building by? 22 the plans? I skid, What plans, is he building by? 23 Because normally a set of plans, cost breakdown and a 24 description of materials have to be given to us to 25 appraise the house. I said, So what are we doing then? 	OGTI	Liey A. Inolne	UCLODEL 4, 20	
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8 Q. And at some point there got to be a dispute, gight? 9 G. Then whal, if anything, was done in response to 9 9 the fact that that appraisal had come in higher? 10 A. There port to be a dispute as to what was on or off site, as to what and Mr. Joley's to what was on or off site, as to what a should be paid and what shouldn't be paid. 1 I the nerviewee this credit file and determined in that be paid and what shouldn't be paid. 11 Q. Doy our ceal after you gave the file back to that clerk what the first dispute was? 1 I thin any every set the file tax is and the indigher insurance, and put together a memo explaining all indigher insurance, and put together a memo explaining all that derk what the first dispute was? 11 A. No, I don't. 1 I how together a memo explaining all that derk what the first dispute was? 11 A. No, I don't. 1 I how together a memo explaining all that derk what the first dispute was? 12 A. No, I don't. 1 I how together a memo explaining all that ime are nome explaining by the loan anount and place the additional trunds in the 20 13 Because normally as to to plans, coat threakdown and desormiton of nonstruction loan, you have to be somade a commuton that did the boan that memo? 1 A. Yes. 14 Weik, the lean consultant of the appraiser or something the appraiser sourcestimation had a did the boan that time mory? 1 A. Yes.	6	who was supposed to be doing disbursements, right?	6 believe, a little more than a million one, million two	
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22 the plans? I said, What plans is he building by? 23 Because normally a set of plans, cost breakdown and a 24 description of materials have to be given to us to 25 appraise the house. I said, So what are we doing then? 26 D. Do you recall the last time you saw that memo? 27 A. In review the other day. 28 Q. Okay. So it's one of the documents that you 29 Saw on Friday, right? 10 In an output to the appraiser on somultant that did the loan 11 Q. Okay. 12 A. Okay. 13 In and a commut to Mr. Joliey, along with a comment from 14 A. Increatly don't. 15 Q. Okay. 16 A. Okay. 17 Weal, the appraiser, that if you add a few more square feet to 18 In morestly don't. 19 M. Joliey, So Mr. Joliey, So Mr. Joliey, along with a comment form 11 Q. Nady out get a better value. 12 A. Both the appraiser or something the appraiser 13 Jonest with you, I forget who was in executive level at 14 A. Both the appraiser and the loan consultant said 15 </td <td>20</td> <td>said to me the house is going to be bigger than what was</td> <td>1. A A A A A A A A A A A A A A A A A A A</td> <td></td>	20	said to me the house is going to be bigger than what was	1. A A A A A A A A A A A A A A A A A A A	
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	20	build out this extra portion of the home. And the only	25 Q. Do you know approximately when this was?	- 1

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October 4, 2011

	LCY A. INOLIC			
	13			15
1	A. While I was in the position at Chatsworth's	1	your loan to value based on the new appraised value, and	1
2	office, Mr. Jolley had been calling into the	2	loan off of that figure, so he can gain equity right	1
3	construction department saying his loan was not right,	3	away.	
4	that there was something wrong, and that there was money	4	And in that market, at that time, things were	
5	that was supposed to be coming to him.	5	appraising higher, and they were getting some excess	
6	And one of the disbursement clerks brought me	6	cash to do excess work on those properties. It wouldn't	
7	the file and said Mr. Jolley is not happy. He requested	7	work in this market. Like if you spent \$20,000 on a	
8	an inspection for some money, and we're not giving any	8	kitchen today, you're not going to get \$20,000 equity in	
9	to him because the work that is to be completed is not	9	the kitchen, if you have a kitchen. So you just threw	
10	done.	10	\$20,000 away.	
11	Q. Do you remember who it was that brought the	11	Q. Do you remember more specifically what the	
12	file to you?	12	problem was that you found out when you first got	
13	A. No, I do not.	13	Mr. Jolley's loan?	
14	Q. After this conversation, what if anything did	14	A. That there were there was monies placed in	
15	you do with respect to Mr. Jolley's loan?	15	line items that were not line items in which they were	
16	A. They then gave me the file. I sat down with	16	going to disburse funds. They had nothing to do with	
17	the file and balanced out the file, and found that there	17	his project.	
18	was about \$350,000 in limbo that should have been	18	Q. So what did you do in response?	
19	Mr. Jolley's money. But someone, to balance the	19	A. Contacted Mr. Jolley to find out what his real	
20	computer in disbursements, just sort of placed it in	20	numbers were and what the real costs were of what was	
21	categories. Mr. Jolley's loan was not a ground-up	21	going to be disbursed.	
22	construction loan.	22	Q. Do you recall what was said in that	
23	Q. What do you mean by that?	23	conversation with Mr. Jolley?	
24	A. Meaning that you have a bare piece of dirt, you	24	A. Not specifically.	
25	put in a foundation, you put up walls, you put on a	25	Q. How about generally?	
	: 14	1		16
1	roof. Mr. Jolley's loan was a remodel loan. So of his	1	A. Just generally, I can get you the cost	
2	home there was work to be done, but some of the work	2	breakdown of the line items of what monies we're	
3	that was already done, you're not going to pay for	3	supposed to have and what monies are being disbursed out	
4	because that work was going to remain in place.	4	of what categories for construction.	
5	Example, it has windows. There was no	5	Q. Is that something Mr. Jolley said to you?	
6	indication that windows were going to change. So on a	6	A. Mm-hmm.	
7	cost breakdown, you would have zero dollars in windows,	7	Q. At some point did he provide that information?	
8	if that was one of the items that you were not going to	8	A. Yes, he did.	
9	change. Or the roof. If you weren't going to change	9	Q. Do you remember the next contact you had with	
10	that, you'd put zero doilars. You'd only put dollars	10	Mr. Jolley about the situation?	
11	and cents in line items that you were actually going to	11	A. At that point, those line items were complete.	
12	be asking money for.	12	The information was forwarded back to the disbursement	
13	Q. So initially when you got the file, did you	13	department so that they could take those funds,	
12		14	distribute them to the proper line item so that the	
13	find that there were disbursements that Mr. Jolley was			
	find that there were disbursements that Mr. Jolley was entitled to that weren't being made?	15	requests for disbursements that Mr. Jolley was sending	
14		15 16	requests for disbursements that Mr. Jolley was sending in could be disbursed.	
14 15	entitled to that weren't being made?	1		
14 15 16	entitled to that weren't being made? A. I found that he had overfunded, meaning that he	16	in could be disbursed.	
14 15 16 17	entitled to that weren't being made? A. I found that he had overfunded, meaning that he had paid too much money. The difference on a straight	16 17	in could be disbursed. Q. Do you recall who specifically that information	
14 15 16 17 18	entitled to that weren't being made? A. I found that he had overfunded, meaning that he had paid too much money. The difference on a straight construction loan is you calculate your loan to value	16 17 18	in could be disbursed. Q. Do you recall who specifically that information was given to?	
14 15 16 17 18 19	entitled to that weren't being made? A. I found that he had overfunded, meaning that he had paid too much money. The difference on a straight construction loan is you calculate your loan to value based on the cost of the land plus the cost of	16 17 18 19	in could be disbursed. Q. Do you recall who specifically that information was given to? A. No, I don't. We had a bunch of disbursement	
14 15 16 17 18 19 20	entitled to that weren't being made? A. I found that he had overfunded, meaning that he had paid too much money. The difference on a straight construction loan is you calculate your loan to value based on the cost of the land plus the cost of construction, and you base your loan to value based off	16 17 18 19 20	in could be disbursed. Q. Do you recall who specifically that information was given to? A. No, I don't. We had a bunch of disbursement clerks.	
14 15 16 17 18 19 20 21	entitled to that weren't being made? A. I found that he had overfunded, meaning that he had paid too much money. The difference on a straight construction loan is you calculate your loan to value based on the cost of the land plus the cost of construction, and you base your loan to value based off of that.	16 17 18 19 20 21	in could be disbursed. Q. Do you recall who specifically that information was given to? A. No, I don't. We had a bunch of disbursement clerks. Q. What occurred next with respect to Nr. Jolley's	
14 15 16 17 18 19 20 21 22 23	A. I found that weren't being made? A. I found that he had overfunded, meaning that he had paid too much money. The difference on a straight construction loan is you calculate your loan to value based on the cost of the land plus the cost of construction, and you base your loan to value based off of that. Mr. Jolley's loan, being a remodel loan, you don't he purchased the existing dwelling for a	16 17 18 19 20 21 22	in could be disbursed. Q. Do you recall who specifically that information was given to? A. No, I don't. We had a bunch of disbursement clerks. Q. What occurred next with respect to Nr. Jolley's loan?	
14 15 16 17 18 19 20 21 22	A. I found that he had overfunded, meaning that he had paid too much money. The difference on a straight construction loan is you calculate your loan to value based on the cost of the land plus the cost of construction, and you base your loan to value based off of that. Mr. Jolley's loan, being a remodel loan, you	16 17 18 19 20 21 22 23	 in could be disbursed. Q. Do you recall who specifically that information was given to? A. No, I.don't. We had a bunch of disbursement clerks. Q. What occurred next with respect to Nr. Jolley's loan? A. He then received disbursements on the work that 	



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 A. I want to say January, February 107. G. Unit do you recall being said during that G. Whit do you recall being said during that Conference call? A. I more or less went over this memo. It was G. Thick you as 'm locking for the loan modification. M. BRADLEY: The memo he wrote, three pages, M. BRADLEY: The memo he wrote, three pages, M. BRADLEY: The memo he wrote, three mano is the same, the was still within the 7 parameters of which the loan had already been approved. The loan to value was still within the 7 parameters of which the loan had already been approved. The loan to value was still within the 7 parameters of which the loan modification? Q. Or 1077 Q. Ard the result of this convestation was stat G. Ckay, With respect to what Mr. Bradley just Base the anseling on the fabs positification, corrers? Q. And the result of this convestation was stat G. Area the stable of the loan modification, corrers? Q. Ard the result of this convestation was stat Base the same of the roan to fabs the correst the same of the same stating for A. Washington Mutual? A. The base there is a relephone conference on the job. A new person had been put on as Contractor on the job. There were some other work and the same that point. G. I mos only base there is a telephone conference on the same three is and there may have been some other work and more on the same three were to what work needed to Contractor on the job. There were some other work as a telephone conference on the was the meent was a telephone conference on the was the same three is and there may have been some other work down that and the same other was a construction point of 7. So there was a small was a telephone conference on the was them meany wa		21			23
 A. I don't krow exactly. A. I more or less to make them feet good that I had modification. MR. BRADLY: The memo he wrote, three pages, you saidy our local the involution involution involution. Wash BRADLY: The memo he wrote, three pages, you saidy our local the involution. thick that's a significant document to help pinpoint when he wrotel it. Q. BY MS, KELLY: I'm sorry. What was your at - the answire to the last question? Q. BY MS, KELLY: I'm sorry. What was your at - the answire to the last question? Q. Of 1077 Q. And the result of this conversation mas that three west a loan modification, correral? Q. Chay. With respect to what twice stability for more the memo jury lust described? A. I'm Schlipt F, is the memo I wrote. Q. And it stab because there is a reference on page three to a meeting on the 12th? Q. I'm stry. That was a telephone conference on the staff. Q. Dry ou incall what, if anything, was said d. Thos in fight. Q. Dry ou incall what, if anything, was said during that conference on September 12th?? A. Head that beam bene is a reference on page three to a meeting on the 12th?? A. Head that beam any credit it k Ofter, which G. Dry ou incall what, if anything, was said dury that was a telephone conference on dury that was a telephone conference on dury that was telephone conference on dury that was telephone to conference on dury that was telephone to meeting on the 12th?? A. Head that head medified to age and dury that was the loan beam diffied to optic it in the was this in somether in 06; dury that was the loan beam diffied to optic it in the normo was the staffier. It do that the onther more was the work that was infinit the ona the wa	1	A. I want to say January, February '07.	1	Q. What do you recall being said during that	
4 Ox	2	Q. I don't want to	2	conference call?	
 modification. MR. BRADLEY: The memo he wrote, three pages, you said you had spotted in your documents. I would a think that's a significant document to help pinpoint when he wrote it. think that's a significant document to help pinpoint when he wrote it. Q. BY MS, KELLY: I'm sorry. What was your a. Hy bieling was lanuary or February. Q. Of '077 A. Hy bieling was lanuary or February. Q. Of '077 A. Hy bieling was lanuary or February. Q. Of '077 The the ansiver to the last question? Q. Of '077 The the memory you look at the exhibits, can you look at the exhibits, can you look at the exhibits, can you look at the exhibits and you look at the loan modification, carved? Q. And the table document wrote. Q. Shaving seen Exhibit F and with negato to what you testified about the loan modification, carved? A. It bad to be before the 12th of September. Q. And is that because there is a reference on getter the sambler. A. Yeah. Q. The sorry. That was a teleptone conference on the 12th? A. Flight. Q. Do you recall what, if anything, was said during that conference on September 12th? A. Hight. Q. Do you meal what, if anything, was said during that conference on September 12th? A. Hight. Q. How dick core about that you continued to work on Mr. Jolley's loan contard with both at atl times. And we mode that the norm was a construction period of 20. A. Hight. Q. How dick core about that you continued to work on Mr. Jolley's loan contard with both at atl times. And we mode that the another was a construction the pion. An other was a tother was a construction period of 7/107. A. Hiwa witten sometime in '06? A. Hiwa witt	3	A. I don't know exactly.	3	A. I more or less went over this memo. It was	
6 MR. BRADLEY: The memo he wrote, three pages, you said you had spotted in your documents. I would think threa significant document to help pipoint Parameters of which the loan had already been approved. 7 You said you had spotted in your documents. I would think threa significant document to help pipoint The loan to value was still within the 77 percent, the dot ratio was still which the 70 percent, the dot ratio was still which the 72 percent, the dot ratio was still was stall there was a loan modification, correct? 1 A. My bailer was january or Fabruary. A. Correct. 2 A. The Schipht F, is the memory out just documents or under the still of spectro work. 3 A. Correct. A. Correct. 4 A. Staff, F, is the memory out just documents or under the 12 nor Spectromer. The work to get done. They had memory an initial contractor on the job. There were some problems getting contractor on the job. There were some problems getting contractor on the job. There were some problems getting contractor on the job. A new person had been part on as contractor on the job. A new person had been part on as contractor on the job. A new person had been part on as contractor on the job. A new percent work dore that was not listed.	4	Q trick you, so I'm looking for the loan	4	more or less to make them feel good that I had	
7 pouramets of which the loss had already been approved. 8 think that a significant document to help pinpoint 9 When he works it. 10 C. BY MS, KELLY: I'm sorry, What was your 11 Last-werks it. 12 A. My belie was January or February. 13 Q. Of 07? 14 Yeah. But I can't be specific. 15 Q. Ckay. With respect to what Mr. Badley just 16 said. Tyou look at the exhibits, can you loot described? 16 A. Yeah. 17 me the memo you just described? 18 A. Well, there was a loam modification, correct? 19 Q. So having seen Exhiblit F and with respect to what you testlide about the lean modification, can you 11 G. Mu the set to meeting on the 12th? 2 A. Head to be before the 12th of September. 21 Q. And the set to metaig on the 12th? 23 A. Yeah. 24 the work that was left to be completed. We made sure 24 the work that was nother 25 A. Well, thangen right away. 24 the work that was nother 25 A. How with wase notion san other was a	5	modification.	5	thoroughly gone through the file and that the numbers	
 a think that's a significant document to help pinpoint when he work it. b think that's a significant document to help pinpoint c here work a significant document to help pinpoint c here work a load work at the static of this corre actually c here was load any problems with the same humbers. c here was load any problems with the same hours at the same hour out the same hour hour the same hour hour the same hour hour hour hour hour hour hour hour	6	MR. BRADLEY: The memo he wrote, three pages,	6	worked. And that we weren't going outside any	
9 when he wrote it. 9 debt rafo was still the same, the credit score actually 10 Q. BY MS, KELLY: I'm sorry, What was your 11 a. A. My belier was alonany or February. 11 Iast—the answer to the last question? A. My belier was aloan modification, correct? 12 A. Yeah. But I can't be specific. 12 A. Orrect. 13 Q. Correct. C. Did any problems with Mr. Jolley's loan occur 14 A. Yeah. Did any problems with Mr. Jolley's loan occur 15 Q. Correct. C. Did any problems with Mr. Jolley's loan occur 16 by that point? The was seen cide as a to the date you with the many date merved an initial 16 Dy that point? A. Weth. Here was a loan modification? Corre seener problems getting 17 A. It's Exhibit F, and with respect to what you testiled about the loan modification, can you Did may problems with Mr. Jolley's loan attery work to go done. They had removed an initial 18 O. The work to was set to be date you work to the table you to chat the work to was set to be conjeled. Did may problems with work needed to 19 Q. I'm sorry That was a telephone conference on september 12th? 24 10 D.	7	you said you had spotted in your documents. I would	7	parameters of which the loan had already been approved.	
10 Q. BY MS, KELLY: I'm sory, What was your 11 last the answers to the last question? 12 A. My biely was always or February, 13 Q. Of '07? 14 A. Yeah. But I can't be specific. 15 Q. Od '07? 16 said, if you look at the exhibits, can you identify for 17 me the mondy ou just besched? 18 A. It's Exhibit F, is the memol wrote. 19 Q. So having seen Exhibit F and with respect to what with respect to what you testified about the loan modification, can you give me some jidea as to the date you wrote Exhibit F? 2 A. It had to be before the 12h of Sptember. 20 A. It had to be before the 12h of Sptember. 21 Q. And is that bocause there is a reference on the fait. I faight. 2 A. Fight. 3 A. Fight. 4 Q. Doy un recall what, if anything, was said during that conference on Sptember 12th? 4 A. No bib Jernent was a telephone conference on Sptember 12th? 5 A. Fight. 4 Yeah. 221 Q. In what was a telephone conference on Sptember 12th? 5 A. Fight. 6 A. Fight.	8	think that's a significant document to help pinpoint	8	The loan to value was still within the 77 percent, the	
11 last the answer to the last question? 12 A. My belief was January or February. 13 O. Of 07? 14 A. Yesh. But I can't be specific. 15 O. Okay. Writh respect to what Mr. Bradley just 16 Said. If you look at the exhibits, can you identify for 17 me the memo you just described? 18 A. Kisk Schwig seen Exhibit F and with respect to 19 O. So having seen Exhibit F and with respect to 11 O. And is that because there is a reference on 19 M. It had to be before the 12th of September. 20 A. Had to be before the 12th of September. 21 Q. And is that because there is a reference on 24 D. Oryou recall what, if anything, was said 3 A. Right. 3 A. Right. 4 D. Doyou recall what, if anything, was said 5 during that conference on September 12th? 4 A. With boils Benet was an other was another 9 year, thooling bont was yn, cordi risk officer, wrich 6 A. Right. 7 A. Weah. 9 A. Hobita because I left in June of 08. So </td <td>9</td> <td>when he wrote it.</td> <td>9</td> <td>debt ratio was still the same, the credit score actually</td> <td></td>	9	when he wrote it.	9	debt ratio was still the same, the credit score actually	
12 A. Wy belie was January or February. 12 there was a loan modification, correct? 13 A. (Yeah, But Len't be specific. 13 A. Corred. 14 A. (Yeah, But Len't be specific. 13 A. Corred. 15 a. (It's Exhibit, Er, is the memo J worke. 14 D. Did any problems with Mr. Jolley's loan occur 15 after the loan modification? Or was everything resolved 16 by hat point? 17 me the memo jou just described? 14 A. (With respect to what Mr. Bradley just 16 by hat point? A. With the loan modification, can you 17 A. It had to be before the 12th O solution the lob. There were some problems getting 18 the work that was left to be completed. We made sure 19 A. Right. 22 10 A. Right. 22 11 A. Right. 22 12 A. Right. 22 13 A. Right. 24 14 D. Do your preal what, if anything, was said 24 15 a. Right. 24 16 be completed. But there may have been some ofter work 16 done	10	Q. BY MS. KELLY: I'm sorry. What was your	10	was higher. So we were well within the numbers.	
13 A. Origot 14 A. Yeah. But I can't be specific. 15 G. Okay. With respect to what Mr. Bradley just 16 G. Okay. With respect to what Mr. Bradley just 17 me the mom jour just described? 18 A. It's Exhibit F, is the memo low just described? 19 O. So having seen Exhibit F? 14 A. Welt. there was some time that was passing for 15 A. It's Exhibit F, is the memo low just the loan modification, can you 19 O. So having seen Exhibit F? 20 A. It's Exhibit F.' 21 O. It hat you the loan modification, can you 22 A. It's Exhibit F.' 23 A. It's Exhibit F.' 24 A. It's Exhibit F.' 26 A. It's Exhibit F.' 27 A. It had to be before the 12th' O'S objernber.' 28 A. Yeah. 29 The cost breakdown was set to what work needed to 20 A. Yeah. 21 Q. And its photecost offere, which 34 A. Bight. 35 A. It's Exhibit F.'S of the phote conference on 24 the work that was lefit to be completed. But t	11	last the answer to the last question?	11	Q. And the result of this conversation was that	
14 A. Yeah. But I can't be specific. 15 Q. Ckay. With respect to what Mr. Bradley just 16 said, If you look at the exhibits, can you identify for 17 me the memo you just described? 18 A. It's Exhibit F, is the memo I wrote. 19 O. So having seem Exhibit F and with respect to 19 A. It had to be before the 12th of September. 20 A. It had to be before the 12th of September. 21 Q. And is that because there is a reference on 24 page three to a meeting on the 12th? 25 A. Yeah. 26 A. Weah. 27 Q. fm sory. That was a telephone conference on 24 the work that was not listed. 26 A. Yeah. 27 Q. fm sory. That was a telephone conference on 28 A. Right. 3 A. Right. 4 Q. Do you proball what, if anything, was said 5 d. fm sory. That was a telephone conference on 29 A. Right. 4 Q. Do you proball what, if anything, was said 5 d. fm sory. That was a telephone conference on 20 fm oro	12	A. My belief was January or February.	12	there was a loan modification, correct?	
15 Q. Ckay. With respect to what Mr. Bradley just 16 said, if you look at the exhibits, can you identify for 17 me the memo you just described? 18 A. If's Exhibit F, is the memo l wrote. 19 Q. So having seen Exhibit F and with respect to 19 Q. So having seen Exhibit F and with respect to 19 A. If's Exhibit F, is the memo l wrote. 20 A. If a bit bit because there is a reference on 21 give me some idea as to the date you wrote Exhibit F? 23 Q. And Is that because there is a reference on 24 the work that was left to be completed. We made sure 25 A. Yeah. 26 The cost breakdown was set to what work needed to 27 Q. And Is that because there is a reference on 28 The cost breakdown was set to what work needed to 29 Compound what, if anything, was said 3 A. Flight. 4 O. Do you rocall what, if anything, was said 5 during that comference on September 12th? 4 Beoing management person that b do get an 6 A. With off. Tadley, or were you dealing directly with 7 A. Hou bid	13	Q. Of '07?	13	A. Correct.	
16 said, ff you look at the exhibits, can you identify for 17 me the memo you just described? 18 A. Ut is Exhibit F, is the memo lwrote. 19 A. So having seen Exhibit F and with respect to 20 what you testified about the loan modification, can you 21 Well, there was some time that was passing for 22 A. It had to be before the 12th of September. 23 Q. And is that because there is a reference on 24 the work that was left to be completed. We made sure 25 A. Yeah. 20 I'm sory. 21 Q. I'm sory. 23 That was a telephone conference on 24 be completed. But there may have been some other work 26 0. I'm sory. 26 1. Bo you recall what, if anything, was said 3 A. Right. 4 Q. Do you recall what, if anything, was said 5 during that conference on September 12th? 5 A. Robin Bennett was my credit risk officer, which 7 was the senior management person that I had to get an 9 work form. And - but this was -this was another 9 year,	14	A. Yeah. But I can't be specific.	14	· · · · ·	
17 me the memo you just described? 18 A. It's Exhibit F, is the memo i wrote. 19 A. It's Exhibit F, is the memo i wrote. 10 A. It's Exhibit F, is the memo i wrote. 11 The work to get done. They had removed an initial 12 G. It's Exhibit F, and to be before the 12th of September. 13 A. Heah 14 The dot be before the 12th of September. 15 A. Yeah. 10 O. I'm sorry. 11 Q. I'm sorry. 12 Q. I'm sorry. 14 De completed. But there was some time that was passing for 15 A. Yeah. 16 De you special what, if anything, was said 17 A. Right. 18 De you special what, if anything, was said 19 O. I'm sorry. 11 A. Right. 12 O. How dipit construction of the job. 13 A. Right. 14 O. Explore the special what, if anything, was said 15 during that conference on September 12th? 16 A. Bobin Benneti was my credit risk officer, which 17 A. Bobin	15	Q. Okay. With respect to what Mr. Bradley just	15	after the loan modification? Or was everything resolved	
18 A. It's Exhibit F, is the memo I wrote. 19 A. It's Exhibit F, is the memo I wrote. 19 A. So having seen Exhibit F and with respect to 10 what you testified about the loan modification, can you 11 contractor on the job. A new person had been put on as 12 give me some idea as to the date you wrote Exhibit F? 20 A. It had to be before the 12th of September. 23 Q. And is that because there is a reference on 24 page three to a meeting on the 12th? 25 A. Yeah. 20 I m sony. 21 Q. I'm sony. 23 The tost breakdown was set to what work needed to 24 the work to get done. They had removed an initial 25 A. Yeah. 26 The cost breakdown had just been readjusted to 27 Q. I'm sony. 3 A. Right. 4 Q. Do you recall what, if anything, was said 5 during that conference on September 12th? 6 A. Robin Bennett was my credit risk officer, which 7 was the seniorimanagement person that I had to get an 9 okary from. And but this was a	16	said, if you look at the exhibits, can you identify for	16	by that point?	
 19 Q. So having seen Exhibit F and with respect to what you testified about the loan modification, can you give me some idea as to the date you wrote Exhibit F? 2 A. It had to be before the 12th of September. 2 Q. And is that because there is a reference on page three to a meeting on the 12th? 3 A. Fight. 4 Q. Do your pical what, if anything, was said 5 during that conference on September 12th? 6 A. Robin Bennett was my credit risk officer, which was the senior management person that I had to get an ekey from. And - but this was - this was another 9 vear, though. So 'm trying to figure out - five went 10 into six - May Sit. Because I left in June of '06. So 11 this happened in September 173. So it happened sometime after. It didn't happen right away. 3 Q. If you lock at page two, there's a 1 references - yeah, it would be '06. Because It 1 references - yeah, it would be '06. Because It 1 references - yeah, it would be '06. Because It 1 references - yeah, it would be '06. Because It 1 references - yeah, it would be '06. Because It 1 references - yeah, it would be '06. Because It 1 references - yeah, it would be '06. Because It 1 references - yeah, it would be '06. Because It 1 references - yeah, it would be '06. Because It 1 references - yeah, it would be '06. Because It 1 references - yeah, it would be '06. Because It 1 references - yeah, it would be '06. Because It 1 references - yeah, it would be '06. Because It 1 references - yeah, it would be '06. Because It 1 references - yeah, it would be '06. Because It 1 references - yeah, it would be '06. Because It 1 references - yeah, it would be '06. Because It 1 references - yeah, it would be '06. Because It 1 references - yeah, it would be '06. Because It 1 references - yeah, it would be '0	17	me the memo you just described?	17	A. Well, there was some time that was passing for	
 what you testified about the loan modification, can you give me some dea as to the date you wrote Exhibit F? A. It had to be before the 12th of September. G. And is that because there is a reference on page three to a meeting on the 12th? A. Yeah. C. I'm sory. That was a telephone conference on 2 the 12th? A. Right. G. Do you recall what, if anything, was said during that conference on September 12th? A. Robin Bennett was my credit risk officer, which 3 okay from. And - but this was another 9 year, though. So I'm trying to figure out five went 10 into six - May Sth. Because I left in June of '06. So 11 this happened in September 17. So It happened sometime 1 after. I didn't appened in September 17. So It happened sometime 13 G. If you look at page two, there's a 14 recommendation that the loan be modified to extend it to 5 September 12 to '7. So It happened sometime 13 G. If you look at page two, there's a 14 recommendation that the loan be modified to extend it to 5 September 13to '7. C. Does this indicate to you that the memo was 18 written sometime in 106? A. Ur-huh. A. Ur-huh. A. Ur-huh. A. Ur-huh. A. Ur hus written sometime in 106; but it references yeah, it would be '06. Because it 1 the references yeah, it would be '06. Because it 1 the reference and no longer being an employee, which I left 12 in 6/06. And I names a construction period of 7/1/07. That makes sense. And so there was a conversion on 24 September 12h, '06, with a conference call with Robin September 12h, '06, with a conference call with Robin 	18		18		
21 give me some idea as to the date you wrote Exhibit F? 21 contractor on the job. There were some problems getting 22 A. It had to be before the 12th of September. 23 The cost breakdown had just been readjusted to 24 1 C. I'm sorry. That was a telephone conference on 24 1 Q. I'm sorry. That was a telephone conference on 22 24 1 Q. I'm sorry. That was a telephone conference on 21 be completed. But there may have been some other work 2 the 12th? 24 1 be completed. But there may have been some other work 3 A. Flight. 20 Q. At this point were you dealing directly with 4 Q. Do you recall what, if anything, was said Q. At this point were you dealing directly with 5 A. Right. Q. At this point were you dealing directly with 6 A. With both. So I'm trying to figure out - five went 5 10 into six - May Sith. Because I left in June of '06. So 10 11 A. Washington Mutual more or less said you're not 12 feaving us with this file. You're the only one that 13 Q. If you look at page two, there's a 13 <	19	Q. So having seen Exhibit F and with respect to	19	contractor on the job, a new Cheryl had been removed	
 A. It had to be before the 12th of September, Q. And is that because there is a reference on page three to a meeting on the 12th? A. Yeah. Q. I'm sorry. That was a telephone conference on the 12th? A. Right. Q. Do you recall what, if anything, was said during that conference on September 12th? A. Robin Bennett was my credit risk officer, which was the senior management person that I had to get an okay from. And - but this was - this was another year, though. So I'm trying to figure out - five went into six - May Sith. Because I left in June of '06. So this september 15, '07. A. Urbuhuh. Q. Doyou lock at page two, there's a was the sometime in '06? A. Urbuhuh. Q. Dos this indicate to you that the memo was written sometime in '06? A. Line items that and in ames a construction period of 7/1/07. That makes sense. And so there was a conversation on September 12, 'no6, with a conference call with Robin September 12, 'no6, with a conference call with Robin 	20		20		
23 Q. And is that because there is a reference on page three to a meeting on the 12th? 23 The cost breakdown had just been readjusted to the work that was left to be completed. We made sure that the cost breakdown was set to what work needed to 24 Q. I'm sorry That was a telephone conference on the 12th? 24 3 A. Flight. 22 24 4 Q. Do you recall what, if anything, was said 24 3 Q. At this point were you dealing directly with 3 4 Q. Do you recall what, if anything, was said 3 Q. At this point were you dealing directly with 3 Q. At this point were you dealing directly with 4 Mr. Joley or Mr. Bradley, or were you dealing with 5 5 5 5 Semeone in Washington Mutual? 6 A. With both. I was in contact with both at all 1	21	give me some idea as to the date you wrote Exhibit F?	21	contractor on the job. There were some problems getting	
24 page three to a meeting on the 12th? 24 the work that was left to be completed. We made sure 25 A. Yeah. 25 1 Q. I'm sorry. That was a telephone conference on 24 1 De completed. But there may have been some other work 24 1 be completed. But there may have been some other work 24 1 be completed. But there may have been some other work 24 1 be completed. But there may have been some other work 24 1 be completed. But there may have been some other work 26 2 Do you recall what, if anything, was said 3 3 A. Flight. 3 Q. At this point were you dealing directly with 4 M. Do you recall what, if anything, was said 3 Q. At this point were you dealing directly with 4 M. Tolley or Mr. Bradley, or were you dealing directly with 4 Mr. Jolley or Mr. Bradley, or were you dealing directly with 5 doway from. And - but this was a onther 9 work on Mr. Jolley's ioan after you left Washington 10 into six - May Eth. Because I left in June of '06. So 10 Mutual? 11 A. Ubhuh. 2 <td< td=""><td>22</td><td>A. it had to be before the 12th of September.</td><td>22</td><td>some materials at that point.</td><td></td></td<>	22	A. it had to be before the 12th of September.	22	some materials at that point.	
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	23	That makes sense. And so there was a conversation on	23	on some line items, and use that additional fund to pay	
25 and Jed and Rose Mary and Mabette. 25 Q. So after you left Washington Mutual Bank, was	24	September 12th, '06, with a conference call with Robin	24	those other additional line items.	
	25	and Jed and Rose Mary and Mabette.	25	Q. So after you left Washington Mutual Bank, was	



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October 4, 2011

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1	it your understanding that you were representing	1	Q. What is your understanding as to why the file	
2	Washington Mutual Bank, Mr. Jolley, or representing	2	got to risk management?	
З	neither of those?	3	A. They hit term on the construction period.	
4	A. I was representing Mr. Jolley for the most	4	Q. And is it your understanding that that was the	
5	part, but working with Washington Mutual. I was, you	5	term set forth in the modification agreement?	
6	know, I was a middle man.	6	A. Mm-hmm.	
7	Q. So you weren't representing Washington Mutual,	7	Q. Yes, please.	
8	right?	8	A. Oh, yes.	
9	A. No, I was not. But I had a good rapport with	9	Q. I forgot that instruction, that we need to	
10	them. So it made for me to be able to get things	10	answer audibly so the reporter can take it down.	
11	accomplished, and that was that was at their point of	11	A. Yes.	
12	time now, remember I left in June of '06 was when	12	Q. Okay. So the loan got elevated to Mabette or	
13	they started to decide to discontinue their mortgage	13	transferred to Mabette, right?	
14	operations. And by mid '07, they were not originating	14	A. Yes.	
15	any more loans, and they had staffing issues of people	15	Q. And then what happened to this loan?	
16	that were doing work that just did not understand the	16	A. Then I worked with Mabette as to where we were	
17	work.	17	in the point of construction, where we were in the point	:
18	Q. What is your understanding as to why they had	18	of disbursement, and how we could keep moving forward	
19	those staffing issues?	· 19	and obtain extensions on the loan necessary to complete	
20	A. Because they were trying to fill holes with	20	the work.	
21	leftover people, because other people were going out and	21	Q. So there was a request by Mr. Jolley that there	
22	getting jobs because they knew sooner or later their job	22	be extensions on the loan?	
23	was going to go. And in that market at that point in	23	A. Uh-huh. Yes. Sorry.	
24	time, if they could find a job somewhere else, they were	24	Q. Thank you.	
25	getting it. So they were just putting anybody in those	25	At the time you got involved with Mabette, what	
	26	ł		28
1	26 positions.	1	problems were there with respect to Mr. Jollev's loan.	28
1 2	positions.	1	problems were there with respect to Mr. Jolley's loan, if any?	28
1 2 3	positions. And then there were a lot of them that had a	1 2 3	if any?	28
2	positions. And then there were a lot of them that had a heavy workload and just really couldn't get to the work.	2	· · · · · · · · · · · · · · · · · · ·	28
2 3	positions. And then there were a lot of them that had a	2 3	if any? A. At that point in time the only real problem was	28
2 3 4	positions. And then there were a lot of them that had a heavy workload and just really couldn't get to the work. And on more complicated files such as this, sometimes	2 3 4	if any? A. At that point in time the only real problem was that it needed an extension because it wasn't done at	28
2 3 4 5	positions. And then there were a lot of them that had a heavy workload and just really couldn't get to the work. And on more complicated files such as this, sometimes they didn't even want to touch them.	2 3 4 5	if any? A. At that point in time the only real problem was that it needed an extension because it wasn't done at that point.	28
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October 4, 2011

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	1	19	31
1	A. Well, it dates back to the original date of	1	
2	expiration, which would have been 7/1. So it would have	2	
3	gone to 10/1. And there was normally a charge for that.	3	
4	And I believe the first one they waived it.	4	, , , , , , , , , , , , , , , , , , , ,
5	Q. And after that initial extension, construction	5	
6	still was not completed, right?	f	
7	A. Correct.	7	,
8	Q. So then what happened?	ι ε	extensions during the time that Chase had the loan?
9	A. Another extension was needed.	9	A. I believe he did.
10	Q. And do you know if one was given?	10	Q. But you're not sure, right?
11	A. There was one given. But there was a fee	11	A. But I'm not positive. Because that was right
12	involved. And as to the amount of the fee, I don't	12	at the IndyMac Bank had just gone down, and then FDIC
13	recall. The norm was an eighth of a percent per month.	13	s closed WaMu. Let's see. IndyMac was in July. WaMu was
14	Q. Is it your recollection that Mr. Jolley was	14	in September, I believe, when Chase took over. And then
15	informed that he was to pay the fee that was the normal	15	I heard some conversations back and forth probably
16	fee charged of others?	16	between September and November, because December 8th I
17	A. Yes.	17	got called out to go close some banks. So it would have
18	Q. Do you recall if there was a loan extension	18	been during that period.
19	after the one that first was granted?	19	Q. Conversations, you mean, regarding Mr. Jolley's
20	A. I believe so.	20	loan?
21	Q. Then do you believe he paid a fee for that one?	21	A. Right.
22	A. I believe so.	22	Q. And what conversations did you hear during that
23	Q. What point of time are we up to?	23	3 period?
24	A. We're up to '08, somewhere around January,	24	A. Just that Chase wasn't willing to work, and
25	February.	25	that they wanted to foreclose on the property.
		30	32
1	Q. Do you recall if another loan extension was		MR. BRADLEY: Why don't we take a three- to
2	entered into?		
1	A. I don't believe any more extensions had been		
3	-		
4	done at that time, because the bank was in a position		4 (Recess.)
5	that they just needed the house to be completed, because	1	5 MS. KELLY: Okay. We're back.
6	the loan itself was a construction rollover loan where		
7	they were guaranteed a permanent mortgage. And they		
8	just needed the house done.		, , , , , , , , , , , , , , , , , , , ,
9	Q. Could you go back on that? I'm sorry. Could		9 they both have dates after September of 2008.
10	you explain again why it was that they needed the house		
11	done?	1:	
12	A. Because they weren't going to give any more	1	
13	extensions, and they needed to roll it over to the	1	
14	permanent finance.	1	•
15	Q. And would they do that only if the house was	1	
16	completed?	1	
17	A. Only if they received a notice of completion.	1	
18	Q. And when you say they needed to roll it over,	1	
19	what was it that made them need to do that?	1	•
20	A. Well, they had expired on all their extensions.	2	o communications do you recall regarding Mr. Jolley's
21	So they just they wanted it done.	2	
22	Q. Do you know if Mr. Jolley ever provided the	2	
23	bank with a notice of completion for construction?	2	3 increase in costs in some of the work that was being
24	A. Not during the time that I was involved.	2	
1	an example of the state of the	1 -	5 three to four months by the City of Tiberon, a
25	Q. At some point you stopped being involved in the	4	5 three to four months by the City of Tiberon, a



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1	Mr. Bloomquist in the building office, that they didn't	1	ties with Chase, didn't know who was in charge of whom	
2	feel that they had the proper plans of the house that	2	around there, and she had to be honest and said that she	
3	was being built at the time.	3	really didn't know either, because they were still doing	
4	Mr. Bloomquist, I spoke with, had received the	4	transition stuff, and she said it's somebody back east.	1
5	plans and was taking 90, 120 days to review. He put a	5	I don't really know. They don't come out that often,	
6	stop order on the project. That was I have on here	6	and we really don't know who we report to, but we're	
7	10/31. And I'm believing that's yeah, '07. So he	7	just working daily and doing our job.	
8	would not let anybody else work on the project. He made	8	So I explained to her the situation, told her	
9	them put up that orange mesh fencing the neighbors	9	that there's this extra money is needed, the house will	
10	threw a fit and not let anybody go on the site until	10	be done, you can pay the bills directly, you don't have	1
11	he was done reviewing it. So there was a stoppage at	11	to give the money, because normally the borrower gives	
12	the time.	12	the the bank gives the money to the borrower to pay	
13	With a stoppage, now Chase could not disburse	13	the bills. Mr. Jolley would be happy to give you the	
14	any more money on the project. So it took some time for	14	bills, have you pay the bills and finish this up, so it	
15	Mr. Bloomquist and his staff to review the plans, okay	15	could roll over to a permanent loan.	
16	the plans, and allow construction to begin again, which	16	And the last I heard at that point now, that	
17	I believe occurred right towards the first of November,	17	was December 3rd, '08, when I sent that message to	
18	first of December, somewhere in that area.	18	Mabette it sounded like it wasn't going to happen.	
19	Q. Of 2008, or '07?	19	That Chase was not in the mood to put out any more money	
20	A. That would have been 2000 it would have been	20	on this project or make any more extensions or do	
21	2008. 2008. There was money in the LIP account for	21	anything with this loan. As far as they were concerned,	
22	some bills to be paid. There was liens being placed.	22	it was în default.	j
23	Let me clarify. I've been using the acronym LIP,	23	Q. As far as you knew, was it in default at that	
24	loan-in-process account. That's funds being held for	24	time?	
25	disbursement	25	A. To my understanding it had to be, because they	
		t		
	34	1		36
1	Q. Thank you.	1	hadn't finished there was no notice of completion	36
1 2	1	1 2	hadn't finished there was no notice of completion files and it had not converted over. Because without an	36
	Q. Thank you.	1		36
2	Q. Thank you. A. There were funds to be disbursed in the	2	files and it had not converted over. Because without an	36
2 3	 Q. Thank you. A. There were funds to be disbursed in the account, but Mr. Jolley was right at his maximum 	2 3	files and it had not converted over. Because without an extension, you're in default because you don't have	36
2 3 4	 Q. Thank you. A. There were funds to be disbursed in the account, but Mr. Jolley was right at his maximum disbursement level because there is a ten percent 	2 3 4	files and it had not converted over. Because without an extension, you're in default because you don't have you're not done within your construction period. And to	36
2 3 4 5	 Q. Thank you. A. There were funds to be disbursed in the account, but Mr. Jolley was right at his maximum disbursement level because there is a ten percent retention on construction loans. Once they hit that ten 	2 3 4 5	files and it had not converted over. Because without an extension, you're in default because you don't have you're not done within your construction period. And to my knowledge, there were no extensions ever granted by	36
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	` 3	7		39
1	division down, So I left and did my own consulting	1	happening, did you believe he was being treated	
2	firm.	2	improperly?	
3	Q. So was it an involuntary or voluntary leaving?	3	MR. BRADLEY: Like what? The disbursements	
4	A. It was a voluntary. No, I have a good record	4	Q. BY MS. KELLY: Well, other than what	
5	with them. The door was always open for me.	5	MR. BRADLEY: - promise?	
6	Q. During the time you were working with Chase,	6	Q. BY MS. KELLY: you've told me?	
7	did you believe that Chase was treating Mr. Jolley	7	A. I've told you the story. No, I don't think	
8	improperly?	8	there's anything different than that.	
9	A. My feeling was that Chase wasn't working with	9	Q. Other than with respect to Mr. Jolley, did you	
10	him at all.	10	ever act as a medium between the individual and	
11	Q. Did you believe Chase was violating any of its	11	Washington Mutual?	
12	own internal rules in not working with him?	12	A. Other than Mr. Jolley?	
13	A. Can I clarify that?	13	Q. Right.	
14	Q. Sure.	14	A. Well, yeah, there were other ones that occurred	
15	A. Working for the FDIC, there's things that I	15	while I was in the capacity that I was in Los Angeles,	
16	know about institutions that are taken over and what	16	when they were flying me back and forth, that I took	
17	institutions are supposed to do and what institutions	17	care of.	
18	aren't supposed to do. And there's an agreement that's	18	Q. How about after you left Washington Mutual?	
19	made between the FDIC and Chase. The document is	19	A. No.	
20	probably 118 pages long, and it specifically states that	20	Q. Do you recall any time when Mr. Jolley was	
21	Chase is to work directly with the customers to do as	21	given permission to get a second loan?	
22	much as possible to modify any loans as possible so that	22	A. I believe the norm was that you were not able	
23	no foreclosures are made and borrowers are kept in their	23	to get a second behind a construction loan, but	
24	homes.	24	Washington Mutual was going to grant him the ability to	
25	Q. Anything else lead you to believe that Chase	25	do that.	
	; 3	8		40
1	was treating Mr. Jolley improperly?	1	Q. Do you recall any conversations with Rose Mary	
2	A. Not that I would I never really knew what	2	Talavera that you haven't talked to us about today?	
3	else Chase was doing, so no.	3	A. I didn't talk to Rose Mary very much about	
4	Q. Did you believe that Washington Mutual was	4	she she really didn't want anything she was the	
5	treating Mr. Jolley improperly?	5	manager of the department down there, but she didn't	
6	A. Yes.	6	really want to get involved with this and what was going	
7	Q. In what way?	1		
8		7	on and the changes that were being made and stuff. I	
1	A. When it started from the very beginning, this	7 8	on and the changes that were being made and stuff. I was more or less her ally in working together to make	
9	A. When it started from the very beginning, this loan was improperly put together and it was put together	7 8 9	on and the changes that were being made and stuff. I was more or less her ally in working together to make her department run smoother.	
9 10	A. When it started from the very beginning, this loan was improperly put together and it was put together on false pretenses of something that could not have been	7 8 9 10	on and the changes that were being made and stuff. I was more or less her ally in working together to make her department run smoother. Q. Do you recall any more communications you had	
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9 10 11 12	A. When it started from the very beginning, this loan was improperly put together and it was put together on false pretenses of something that could not have been done based on the numbers that were given. And the people that were involved should have known that, based on what was going to be done, that the work that was to be done could not have been completed at the amount	7 8 9 10 11 12	 on and the changes that were being made and stuff. I was more or less her ally in working together to make her department run smoother. Q. Do you recall any more communications you had with Mabette, other than what you told us about today? A. No. Q. How about any communications with Robin Bennett? 	
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9 10 11 12 13 14	A. When it started from the very beginning, this loan was improperly put together and it was put together on false pretenses of something that could not have been done based on the numbers that were given. And the people that were involved should have known that, based on what was going to be done, that the work that was to be done could not have been completed at the amount quoted. So from the get-go, this loan was doomed from	7 8 9 10 11 12 13 14	 on and the changes that were being made and stuff. I was more or less her ally in working together to make her department run smoother. Q. Do you recall any more communications you had with Mabette, other than what you told us about today? A. No. Q. How about any communications with Robin Bennett? A. No. Q. Do you recall any communications with 	
9 10 11 12 13 14 15	A. When it started from the very beginning, this loan was improperly put together and it was put together on false pretenses of something that could not have been done based on the numbers that were given. And the people that were involved should have known that, based on what was going to be done, that the work that was to be done could not have been completed at the amount quoted. So from the get-go, this loan was doomed from the very beginning. It was a makeable loan, if the	7 8 9 10 11 12 13 14 15	 on and the changes that were being made and stuff. I was more or less her ally in working together to make her department run smoother. Q. Do you recall any more communications you had with Mabette, other than what you told us about today? A. No. Q. How about any communications with Robin Bennett? A. No. 	
9 10 11 12 13 14 15 16	A. When it started from the very beginning, this loan was improperly put together and it was put together on false pretenses of something that could not have been done based on the numbers that were given. And the people that were involved should have known that, based on what was going to be done, that the work that was to be done could not have been completed at the amount quoted. So from the get-go, this loan was doomed from	7 8 9 10 11 12 13 14 15 16	 on and the changes that were being made and stuff. I was more or less her ally in working together to make her department run smoother. Q. Do you recall any more communications you had with Mabette, other than what you told us about today? A. No. Q. How about any communications with Robin Bennett? A. No. Q. Do you recall any communications with 	
9 10 11 12 13 14 15 16 17	A. When it started from the very beginning, this loan was improperly put together and it was put together on false pretenses of something that could not have been done based on the numbers that were given. And the people that were involved should have known that, based on what was going to be done, that the work that was to be done could not have been completed at the amount quoted. So from the get-go, this loan was doomed from the very beginning. It was a makeable loan, if the	7 8 9 10 11 12 13 14 15 16 17	 on and the changes that were being made and stuff. I was more or less her ally in working together to make her department run smoother. Q. Do you recall any more communications you had with Mabette, other than what you told us about today? A. No. Q. How about any communications with Robin Bennett? A. No. Q. Do you recall any communications with Mr. Jolley, other than what you've told us about today, 	
9 10 11 12 13 14 15 16 17 18	A. When it started from the very beginning, this loan was improperly put together and it was put together on false pretenses of something that could not have been done based on the numbers that were given. And the people that were involved should have known that, based on what was going to be done, that the work that was to be done could not have been completed at the amount quoted. So from the get-go, this loan was doorned from the very beginning. It was a makeable loan, if the proper people that were qualified to do this type of	7 8 9 10 11 12 13 14 15 16 17 18	 on and the changes that were being made and stuff. I was more or less her ally in working together to make her department run smoother. Q. Do you recall any more communications you had with Mabette, other than what you told us about today? A. No. Q. How about any communications with Robin Bennett? A. No. Q. Do you recall any communications with Mr. Jolley, other than what you've told us about today, if any? 	
9 10 11 12 13 14 15 16 17 18 19	A. When it started from the very beginning, this loan was improperly put together and it was put together on false pretenses of something that could not have been done based on the numbers that were given. And the people that were involved should have known that, based on what was going to be done, that the work that was to be done could not have been completed at the amount quoted. So from the get-go, this loan was doorned from the very beginning. It was a makeable loan, if the proper people that were qualified to do this type of work put it together. Mr. Jolley was very qualified for	7 8 9 10 11 12 13 14 15 16 17 18 19	 on and the changes that were being made and stuff. I was more or less her ally in working together to make her department run smoother. Q. Do you recall any more communications you had with Mabette, other than what you told us about today? A. No. Q. How about any communications with Robin Bennett? A. No. Q. Do you recall any communications with Mr. Jolley, other than what you've told us about today, if any? A. No. 	
9 10 11 12 13 14 15 16 17 18 19 20	A. When it started from the very beginning, this loan was improperly put together and it was put together on false pretenses of something that could not have been done based on the numbers that were given. And the people that were involved should have known that, based on what was going to be done, that the work that was to be done could not have been completed at the amount quoted. So from the get-go, this loan was doomed from the very beginning. It was a makeable loan, if the proper people that were qualified to do this type of work put it together. Mr. Jolley was very qualified for this loan.	7 8 9 10 11 12 13 14 15 16 17 18 19 20	 on and the changes that were being made and stuff. I was more or less her ally in working together to make her department run smoother. Q. Do you recall any more communications you had with Mabette, other than what you told us about today? A. No. Q. How about any communications with Robin Bennett? A. No. Q. Do you recall any communications with Mr. Jolley, other than what you've told us about today, if any? A. No. Q. How about communications with Mr. Bradley; do 	
9 10 11 12 13 14 15 16 17 18 19 20 21	A. When it started from the very beginning, this loan was improperly put together and it was put together on false pretenses of something that could not have been done based on the numbers that were given. And the people that were involved should have known that, based on what was going to be done, that the work that was to be done could not have been completed at the amount quoted. So from the get-go, this loan was doorned from the very beginning. It was a makeable loan, if the proper people that were qualified to do this type of work put it together. Mr. Jolley was very qualified for this loan. Q. Was Mr. Jolley treated improperly in any other	7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	 on and the changes that were being made and stuff. I was more or less her ally in working together to make her department run smoother. Q. Do you recall any more communications you had with Mabette, other than what you told us about today? A. No. Q. How about any communications with Robin Bennett? A. No. Q. Do you recall any communications with Mr. Jolley, other than what you've told us about today, if any? A. No. Q. How about communications with Mr. Bradley; do you recall any such communications about Mr. Jolley's 	
9 10 11 12 13 14 15 16 17 18 19 20 21 22	 A. When it started from the very beginning, this loan was improperly put together and it was put together on false pretenses of something that could not have been done based on the numbers that were given. And the people that were involved should have known that, based on what was going to be done, that the work that was to be done could not have been completed at the amount quoted. So from the get-go, this loan was doorned from the very beginning. It was a makeable loan, if the proper people that were qualified to do this type of work put it together. Mr. Jolley was very qualified for this loan. Q. Was Mr. Jolley treated improperly in any other way by Washington Mutual? 	7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	 on and the changes that were being made and stuff. I was more or less her ally in working together to make her department run smoother. Q. Do you recall any more communications you had with Mabette, other than what you told us about today? A. No. Q. How about any communications with Robin Bennett? A. No. Q. Do you recall any communications with Mr. Jolley, other than what you've told us about today, if any? A. No. Q. How about communications with Mr. Bradley; do you recall any such communications about Mr. Jolley's loan? 	



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October 4, 2011

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OCLIECY R. INOLIC	
41	43
1 Q. Do you know what Swift & Company is?	1 involved in Mr. Jolley's loan?
2 A. Swift & Company, well, it's actually Marshall &	 A. When it got what happened is when it got to
3 Swift. Marshall & Swift is a guideline for estimating	3 yeah. Well, he sent it to the construction
4 values of homes that are under construction based on	4 department so they could try and figure out what's going
5 what materials are going to be used.	5 on. The construction department really couldn't figure
6 Q. That's a computer program?	6 out what was going on with the disbursement department.
7 A. It's a booklet and a computer program. You can	7 The disbursement department brought it to me for me to
8 use either/or.	8 look at. And I had to agree with Mr. Bradley's numbers,
9 Q. Did you ever tell Mr. Bradley that what	9 that the numbers were misappropriated.
10 happened to Mr. Jolley was predatory lending?	10 Q. Okay. So you agree with the numbers in
11 A. No.	11 Exhibit C?
12 Q. Did you think at the time it was happening that	12 A. Yes.
13 this was predatory lending?	13 Q. And you conveyed that conclusion to
14 A. No.	14 Mr. Bradley; is that right?
15 Q. Would you look at Exhibit A.	15 A. Yes.
16 A. Okay.	16 Q. Seeing this exhibit, does it make you recall
17 Q. So is page five of Exhibit A	17 anything other than what you've testified to today?
18 MR. BRADLEY: We're going into the	18 A. No.
19 expert-witness category?	19 Q. Would you look at Exhibit D then. And is
20 MS. KELLY: No.	20 Exhibit D a copy of an email exchange between you and
21 Q. Is page five a copy of your resume?	21 Mr. Jolley?
22 A. Yes, it is.	22 A. Yes.
23 Q. And it's accurate of what date?	23 Q. And seeing this, does this refresh your
A. It's accurate as of today.	24 recollection as to any communications, other than what
25 Q. Would you look at Exhibit B. Starting on page	25 you've told us about?
42	44
1 three, there's a request for documents.	1 A. No.
2 A. Uh-huh.	2 Q. And you have no reason to think that the emails
3 Q. Yes?	3 were sent on any date other than the dates listed in the
4 A. Yes.	4 email, right?
5 Q. And you have seen Exhibit B before today,	5 A. Correct.
6 right?	6 Q. Exhibit E, please. And that's an email
7 A. Yes.	7 exchange between you and Karen her last name is 8 Differentiation
8 Q. And did you bring all the documents that you	8 Dibasilio.
9 had in your possession responsive to the document demand 10 in Exhibit B?	9 A. Uh-huh, yes.
	10 Q. And that exchange took place on the dates
 A. Yes. Q. And those are the ones you gave me last Friday, 	11 listed in the email, right? 12 A. Yes.
	12 A. Yes. 13 Q. And does this refresh your recollection as to
	-
14 A. Right. 15 MS. KELLY: And, Mr. Bradley, they're the ones	14 anything communicated about this loan other than what 15 you testified to?
16 I gave you this morning.	16 A. Yes. I mean that's correct.
17 MR. BRADLEY: Right.	17 Q. Nothing new?
18 Q. BY MS. KELLY: Would you look at Exhibit C.	18 A. Nothing new.
	19 Q. Okay. Exhibit F. And you've testified about
19 Have you seen Exhibit C before today?	
19 Have you seen Exhibit C before today? 20 A. Yes.	I ZU EXRIDITE LOUAV AIREADV.
20 A. Yes.	20 Exhibit F today already.
20 A. Yes.21 Q. And when did you see it first?	21 A. Yes.
 A. Yes. Q. And when did you see it first? A. This was sort of what got this started. Jed, 	 A. Yes. Q. Have we gone through everything today; is there
 A. Yes. Q. And when did you see it first? A. This was sort of what got this started. Jed, 	 A. Yes. Q. Have we gone through everything today; is there
 A. Yes. Q. And when did you see it first? A. This was sort of what got this started. Jed, the attorney for Washington Mutual, sent me a copy of 	 A. Yes. Q. Have we gone through everything today; is there anything else you recall about what's set forth in



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4 A. Correct. 5 Q. And I'm not sure if page two was attached to that email. 6 that email. 7 A. Yesh, it was. 8 Q. On okay. And page two of Exhibit G is a tax cover sheat from Mr. Joley to you, right? 9 9 O. On okay. And page two of Exhibit G is a tax the date reflected on that cover sheet, correct? 9 10 A. Yes. 10 11 Q. And that to cover sheet, correct? 13 12 A. Ves. 11 13 A. Yes. 11 14 O. What's the thild page of Exhibit G? 13 15 A. The is a disbursed trom that the correct; 13 16 writter-in numbers is the amount in - undisbursed; in a 46 16 writter-in numbers are requested of disbursed; in a 46 16 (a;b). there's 40,000 in that category, that 48,000 be 16 (a;b). there's 40,000 in that category, that 48,000 be 17 A. They and the following page, contingency reserve 18 D. Let me see if i've got this right. The 19 hand written numbers are requests for disbursed realized. 10 D. Gerrect. 10 Se						<u> </u>
2 Exhibit G is an email exchange between you and Mabette, 3 2 A. Well, if you go down further in section one, 3 3 correct? 3 this is for the amendment to the modification to convert 4 4 A. Correct. 5 Q. And I'm ont sure if page two was attached to 6 6 that email. 5 Fegular monthly payment. So it increased the 6 7 A. Yeah, it was. 7 Q. The other and the interest-only payments up to August 14, 2007. 9 A. Yes. 7 A. I'a utomatically converts to a permanent finance, would make it August 14, 2007. 9 A. The is a disburgement on the other store and the interest-only payments up to August 14, 2007. 9 10 A. Yes. 10 A. There store the construction and the interest-only payments up to August 14, 2007. 11 A. Yes. 11 A. There store the construction and the interest-only period. 12 A. Wash the thid page of Exhibit G? 13 A. There stored the interest-only period. 13 A. Yes. 12 C. And that's because the construction and the interest-only period. 14 A. There store the construction and the interest-only period. 13 A. There store the construction and the interest-only period. 14			45		· · · · · · · · · · · · · · · · · · ·	47
3 correct? 3 this is for the amendment to the modification to convert 4 A. Correct. 5 G. And I'm not use if page two was attached to 6 that email. 5 G. And I'm not use if page two was attached to 7 A. Yeah, it was. 5 G. And I'm not user if page two of Exhibit G is a fax 9 C. No keay. And page two of Exhibit G is a fax 6 10 A. Yeas. 7 A. It automatically converts to a permanent 11 O. And to the best of your knowledge, it was on 11 Q. And what was your understanding as to why that 12 the date reflected on that cover sheet, correct? 13 A. They extended the period of time for 14 O. And the to tactegory, that 48,000 be 14 C. And that be because the construction wasn't 15 M. That is a disbursement of 150,0005 r68. 1 A. That's what it is. 14 O. Lat me see if I've got this right. The 2 A. Modes that refresh your recollection as to 14 total request of obsursements; is 46 1 that right? A. Row, this is in regards to cost overruns. 2 Seeing Exhibit G, does that refresh your 26	1	Q. And Exhibit G. It looks like the first page of		1		
4 A. Correct. 5 Q. And I'm rot sure if page two was attached to that email. 6 that email. 7 A. Yesh, it was. 8 Q. Oh, okay. And page two of Exhibit G is a fax. 9 O. The obset of your knowledge, it was on 10 A. Yes. 11 Q. And I'm oft sure if page two its on permanent if annee. 12 O. And to the best of your knowledge, it was on 13 A. Yes. 14 O. Mat's the thild page of Exhibit G? 15 A. That is a disbursement schedule. The 16 witter-in numbers is the amount that the borrower 17 witter-in numbers is the amount that the borrower 18 Example, line 11 shows an amount in – undisbursed; line 36 19 14,000, and he requested of mathal ine category, that 48,000 be 10 G. And the following page, contingency reserve 21 bandwritten numbers are requests for disbursements; is 22 A. Correct. 23 O. Let me see if I've got this right. The 24 Correct. 27 A. Best of my knowledge, no. It is what it is. 28 Correct. <tr< td=""><td>2</td><td>Exhibit G is an email exchange between you and Mabette,</td><td></td><td>2</td><td>A. Well, if you go down further in section one,</td><td></td></tr<>	2	Exhibit G is an email exchange between you and Mabette,		2	A. Well, if you go down further in section one,	
5 Q. And I'm not sure if page two was attached to 5 Regular monthly payment. So it increased the 6 that email. 7 A. Yeah, it was. 7 A. Yeah, it was. 7 O. On okay. And page two of Exhibit G is a fax. 9 cover sheet from Mr. Jolley to you, right? 9 A. It automatically converts to a permanent 10 A. Yes. 10 C. Mo draw tas supposed to happen on 11 O. And to the best of your knowledge, it was on 11 C. And what was your understanding as to why the 12 the date reflected on that cover sheet, correct? 13 A. Yes. 11 C. And what was your understanding as to why the 13 A. Yes. 11 C. And what was your understanding as to why the 14 GO, and he requested from halt ine category. 13 A. They extended the portiol of time for 14 GO, and he requested 2,480.00 be disbursed; line 36 19 16 Completed as of July 1st, 2007? 17 Marker 44,000 it hat category. Hat catagory. Hat category. Hat category. Hat category. Hat category. Ha	3	correct?		3	this is for the amendment to the modification to convert	
6 that email. 6 interest-only payments up to August 1st, 2007. 7 A. Yeah, it was. 6 interest-only payments up to August 1st, 2007. 7 A. Yeah, it was. 7 O. I'm sorry. What was supposed to happen on a August 1st, 2007. 9 A. Yea. 10 A. Yea. 7 O. I'm sorry. What was supposed to happen on a August 1st, 2007. 10 A. And to the best of your knowledge, it was on the date reflected on that cover sheet, correct? 10 A. And what was your understanding as to why that a distursement schedule. The the annount that the borrower is the annount that the borrower is the the annount that the borrower is the onstruction and the interest-only park. 10 A. That is a disbursement schedule. The is an ease annount in - undisbursed or a is a disbursed for a disbursed in a disbursed or a disbursed in a disbursed or a disbursed in a disbursed or a disbursement or 150,509.56. 13 Q. And ther shear disbursements; is 11 that right? 2 A. Cherect. 1 A. That's what it is. 12 bandwrithen numbers are requests for disbursements; is that right? 3 A. No, this is in regards to cost overruns. 12 A. Correct. 1 1 anything that occurred, other than what you told us today? 13 G. Seeling Exhibit A, does that refresh your recollection as to anyo	4	A. Correct.		4	to a permanent finance, would make it August 1st, 2007.	
7 A. Yeah, it was. 7 C. I'm sorry. What was supposed to happen on a August 1st, 2007, then? 8 C. Oh, okay. And page two if Exhibit G is a fax. 7 C. I'm sorry. What was supposed to happen on a August 1st, 2007, then? 10 A. Yes. A. Teal to be best of your knowledge, it was on the terefected on that cover sheet, correct? 11 C. And what was your understanding as to why that finance. 11 C. And what was your understanding as to why that the borower 11 C. And what was your understanding as to why that finance. 12 A. Yes. 11 C. And what was your understanding as to why that finance. 13 A. Yes. C. I'm sorry. What was supposed to happen on the interest-only period. 14 CO. That is a disbursement schedule. The 15 C. And that's because the construction wasn't construction wasn't construction wasn't to the vest of disbursement of 150,500 Be 12 dialout as disbursed, and the following page, contingency reserve 14 A. They standed the schedule. The 14 total reguest of disbursement strist 20 A. And if you look at Exhibit J. It's the same as as 15 total reguest of disbursements; is 21 A. That's what it is. 2 A. Correct. 20 A. And if was in or about Decoember of 2000 that schibit H,	5	Q. And I'm not sure if page two was attached to		5	Regular monthly payment. So it increased the	
9 Q. Oh, okay. And page two of Exhibit G is a fax ocver sheet from Mr. Jolley to you, right? 9 A. It automatically converts to a permanent finance. 10 A. Yes. 9 A. It automatically converts to a permanent finance. 11 Q. And to the best of your knowledge, it was on the date reflected on that cover sheet, correct? 10 A. And what was your understanding as to why that it automatically converts to a permanent finance. 12 A. Yes. 11 Q. And what was your understanding as to why that it automatically converts to a permanent finance. 13 A. Yes. 11 Q. And what was your understanding as to why that it automatically converts to a permanent finance. 14 Q. What's the thid page of Exhibit G? 11 Q. And that's because the construction wasn't completed as of July 1st, 2007? 15 A. That's because the construction wasn't disclinterised; and the following page, contingency reserve shows 100,029.48, that 100,029.48, be disbursed for a 21 10 Q. Seeing this document, does it refresh your recollection of anything that occurred, other than what 20 12 that right? 24 A. Uh-huh. 25 Q. And if you look at Exhibit J. It's the same as 21 21 that right? 3 A. Correct. 11 anything that occurred, other than what you told us 14 12 2	6	that email.	1	6	interest-only payments up to August 1st, 2007.	
9 cover sheet from Mr. Jolley to you, right? 9 A. It automatically converts to a permanent 10 A. Yes. 10 A. And to the best of your knowledge, it was on 11 C. And to the best of your knowledge, it was on 12 C. And what was your understanding as to why that 11 C. And to the best of your knowledge, it was on 12 C. And what was your understanding as to why that 12 A. They extended the period of time for Construction and the interest-only period. 13 A. They extended the period of time for construction and the interest-only period. 14 O. What's the third page of Exhibit G? A. They extended the period of time for 15 A. That's what in the interest-only period. Construction and the interest-only period. 16 writers to have disbursed from that time category. A. Fight. 18 Q. Seeing this document, does it refresh your 16 televest of disbursement 15: 00.00, and he requested 2,480.08 be disbursed for a 20 A. The's what it is. 22 Q. And if you look at Exhibit H. 18 Q. Seeing this document, does it refresh your recollection as to anything that occurred, other than what you to lod us today? 1 that right? A. Correct. A. No, this is in regards to cost overruns.	7	A. Yeah, it was.		7	Q. I'm sorry. What was supposed to happen on	
10 A. Yes. 11 Q. And to the best of your knowledge, it was on 12 the date reflected on that cover sheet, correct? 13 A. Yes. 14 Q. What's the third page of Exhibit G? 15 A. That is a disbursement schedule. The 16 written-in numbers is the amount that the borrower 17 wishes to have disbursed from that line category. 18 Example, line 11 shows an amount in - undisbursed of a construction and the interest-only period. 14 Q00, and he requested 2,480.08 be disbursed; line 38 20 (sic), there's 48,000 in that category, that 48,000 he 21 diabursed; and the following page, contingency reserve 23 Not the set of yourwe to disbursements; is 24 Q. Let me see if I've got this right. The 25 hadwritten numbers are requests for disbursements; is 26 A. Correct. 3 Q. Seeing Exhibit G, does that refresh your 4 recollection as to anything that occurred, other than 5 what you've told us tooked at earlier. 4 Q. Correct. 3 Q. Seeing Exhibit G, does that refresh your 4 R. Theis what	8	Q. Oh, okay. And page two of Exhibit G is a fax		8	August 1st, 2007, then?	
11 Q. And to the best of your knowledge, it was on 11 Q. And what was your understanding as to why that 12 the date reflected on that cover sheet, correct? 3 A. They extended the period of time for 13 A. Yes. 1.1 Q. And what was your understanding as to why that 14 Q. What's the third page of Exhibit G? 1.1 Q. And that's because the construction wasn't 14 Q. What's the third page of Exhibit G? A. They extended the period of time for 15 A. They extended the period at the interest-only period. 16 Witter-in numbers is the amount that the borrower 1.6 17 Wishes to have disbursed from that line category. 1.8 18 Q. Seeing this document, does it refresh your 1.8 19 14,000, and he requested 2,480.08 be disbursed for a 2.0 A. The's what it is. 2 A. Drevict. Q. And if you look at Exhibit J. It's the same as 2.2 2 A. Correct. 2.0 And if you look at Exhibit J. It's the same as 2.0 2 A. Correct. 2.0 And if you look at Exhibit J. 1.1 2 A. Correct. 3.0 Seeing Exhibit G, does that refresh your	9	cover sheet from Mr. Jolley to you, right?		9	A. It automatically converts to a permanent	
12 the date reflected on that cover sheet, correct? 12 did not happen? 13 A. Yes. 13 A. They extended the period of time for 14 O. What's the third page of Exhibit G? 13 A. They extended the period of time for 15 A. That is a disbursement schedule. The 15 O. And that's because the construction wasn't 16 written-in numbers is the amount that the borrower 16 Correction and the interest-only period. 17 wish so to have disbursed from that it line category. A. That's what it lis. 2007? A. Flight. 18 Example, line 11 shows an amount in undisbursed of 14,000, and he requested 2,480.08 be disbursed for a O. Seeing this document, does it refresh your 16 construction ant the following page, contingency reserve A. That's what it is. 20 you've told us today? 20 clat mease if the following page, contingency reserve A. That's what it is. 22 A. And it's because the construction wasn't 21 that right? 24 A. Uh-huh. 25 Q. And does that refresh your recollection as to 22 A. Correct. 3 A. No, this is in regards to cost overruns. 46 23 a meal excharge betwee	10	A. Yes.		10	finance.	
13 A. Yes. 14 C. What's the third page of Exhibit G? 15 A. That is a disbursement schedule. The 16 written-in numbers is the amount that the borrower 17 wishes to have disbursed from that line category. 18 Example, line 11 shows an amount in – undisbursed of 19 14,000, and he requested 2,480.08 be disbursed; line 38 20 (sic), there's 48,000 in that category, that 48,000 be 21 disbursed; and the following page, contingency reserve 22 A. And if you look at Exhibit 1. 23 total request of disbursement of 150,509.56. 24 C. Let me see if I've got this right. The 25 A. Correct. 26 A. Correct. 27 A. Seeing Exhibit G, does that refresh your 28 anything that occurred, other than what you look at Exhibit X? 3 C. Seeing Exhibit G, does that refresh your 28 A. Correct. 29 Orrect? 3 A. Set of my knowledge, no. It is what it is. 3 A. Set of you recollection, were the 3 A. Correct. 3 A. The one that were for disbursements at	11	Q. And to the best of your knowledge, it was on		11	Q. And what was your understanding as to why that	
14 Q. What's the third page of Exhibit G? 14 Construction and the interest-only period. 15 A. That is a disbursement schedule. The Q. And that's because the construction wasn't 16 written-in numbers is the amount that the borower Construction and the interest-only period. 16 written-in numbers is the amount that the borower Conserved is a of July 1st, 2007? 18 Example, line 11 shows an amount in – undisbursed of A. Right. 19 14,000, and he requested 2,480.08 be disbursed for a Conserved, other than what 21 disbursement of 150,509,56. Conserved, and the following page, contingency reserve Conserved, and the following page, contingency reserve 24 Q. Let me see if I've got this right. The Conserved, and the requests for disbursements; is 25 A. Correct. Consect, Consect, 3 Q. Seeing Exhibit G, does that refresh your 1 anything that occurred, other than what you told us 4 A. Correct. 1 anything that occurred, other than what you'told us to as to anything that occurred, other than what you'te told us today? 3 A. Seeing Exhibit H, please. Exhibit H 1 anything that occurred, other than what you'te told us today? 4 A. Correct.	12	the date reflected on that cover sheet, correct?		12	did not happen?	
15 A. That is a disbursement schedule. The written-in numbers is the amount that the borrower wishes to have disbursed for mit this category. 15 Q. And that's because the construction wasn't completed as of July 1st, 2007? 17 wishes to have disbursed from that line category. 16 completed as of July 1st, 2007? 18 Example, line 11 shows an amount in – undisbursed of 14,000, and he requested 2,480.08 be disbursed; line 36 20 Seeing this document, does it refresh your recollection of anything that occurred, other than what 20 21 disbursed, and the following page, contingency reserve 21 A. That's what it is. 23 total request of disbursement of 150,509,56. 22 Q. And if you look at Exhibit J. It's the same as 23 A. Let me see if I've got this right. The 25 Q. And dies that refresh your recollection as to anything that occurred, other than what you told us 2 A. Correct. 3 A. No, this is in regards to cost overruns. 3 Q. Seeing Exhibit H, please. Exhibit H s an email exchange between you and Mr. Jolley, 3 3 R. Correct. 3 A. The ones that were for disbursements at that 16 1 a. To the best of your recollection, were the problems between Washington Mutual and Mr. Jolley, 6 A. Correct. 3 G	13	A. Yes.	1	13	A. They extended the period of time for	
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17 wishes to have disbursed from that line category. 18 Example, line 11 shows an amount in – undisbursed of 19 14,000, and he requested 2,480.08 be disbursed; line 36 20 (sic), there's 48,000 in that category, that 48,000 be 21 disbursed; and the following page, contingency reserve 21 disbursed; and the following page, contingency reserve 22 shows 100,029,48, that 100,029.44 the disbursement of 150,509.56. 23 total request of disbursement of 150,509.56. 24 Q. Let me see if Ive got this right. The 25 Q. And does that refresh your recollection as to anything that occurred, other than 26 1 27 A. Correct. 3 Q. Seeing Exhibit G, does that refresh your 4 recollection as to anything that occurred, other than 5 what youve told us about today? 6 A. Best of my knowledge, no. It is what it is. 7 Q. Would you look at Exhibit H, please, Exhibit H 8 is an email exchange between you and Mr. Jolley, 9 correct? 10 A. Correct. 11 Q. To the best of your recollection, were the problems between Washington Mutu	15	A. That is a disbursement schedule. The		15	Q. And that's because the construction wasn't	
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21 disbursed; and the following page, contingency reserve 21 A. That's what it is. 22 shows 100,029.48, that 100,029.48 be disbursed for a 22 Q. And if you look at Exhibit J. It's the same as 23 total request of disbursement of 150,509.56. 24 A. Uh-huh. 24 A. Let me see if I've got this right. The 25 Q. And does that refresh your recollection as to 25 A. Correct. 24 A. Uh-huh. 26 anything that occurred, other than what you told us 27 A. Correct. 24 3 Q. Seeing Exhibit G, does that refresh your 3 A. No, this is in regards to cost overruns. 4 recollection as to anything that occurred, other than 46 3 4 recollection as to anything that occurred, other than 4 Q. And it was in or about December of 2008 that right? 5 A. Best of my knowledge, no. It is what it is. 7 Q. Exhibit K. What is Exhibit K? 6 A. Correct. 7 Q. Exhibit K. What is Exhibit K? 9 correct? 9 funds, and they did not have all the items that were 10 A. Correct. 10 G. Doyou know if Mr. Jolley ever provided all the <td>19</td> <td>14,000, and he requested 2,480.08 be disbursed; line 36</td> <td></td> <td>19</td> <td>recollection of anything that occurred, other than what</td> <td></td>	19	14,000, and he requested 2,480.08 be disbursed; line 36		19	recollection of anything that occurred, other than what	
22 shows 100,029.48, that 100,029.48 be disbursed for a 23 total request of disbursement of 150,509.56. 24 0. Let me see if I've got this right. The 25 handwritten numbers are requests for disbursements; is 26 1 27 A. Correct. 3 0. Seeing Exhibit G, does that refresh your 4 recollection as to anything that occurred, other than 5 what you've told us about today? 6 A. Best of my knowledge, no. It is what it Is. 7 Q. Would you look at Exhibit H, please. Exhibit H 8 is an email exchange between you and Mr. Jolley, 9 correct? 11 Q. To the best of your recollection, were the 12 Q. And after seeing Exhibit H, does that refresh 13 A. The ones that were for disbursements at that 15 time, yes. 16 O. And after seeing Exhibit H, does that refresh 17 your recollection about any communications other than 18 what you've told us today? 19 A. Ad after seeing Exhibit H, does that refresh 10 A. Correct. 11 Q. To the best of you	20	(sic), there's 48,000 in that category, that 48,000 be		20	you've told us today?	
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24 Q. Let me see if I've got this right. The 24 A. Uh-huh. 25 Q. And does that refresh your recollection as to 46 1 anything that occurred, other than what you told us 2 A. Correct. 2 3 Q. Seeing Exhibit G, does that refresh your 3 A. No, this is in regards to cost overruns. 4 recollection as to anything that occurred, other than 46 5 what you've told us about today? 3 A. No, this is in regards to cost overruns. 4 Q. And it was in or about December of 2008 that you stopped dealing with this loan; is that right? 6 A. Best of my knowledge, no. It is what it is. 7 Q. Exhibit K. What is Exhibit K? 7 Q. Would you look at Exhibit H, please. Exhibit H 7 Q. Exhibit K. What is Exhibit K? 8 is an email exchange between you and Mr. Jolley, 8 A. Their deficiency list. They have requested 9 correct; 1 Q. Do you know if Mr. Jolley ever provided all the 12 problems between Washington Mutual and Mr. Jolley 1 A. I have no clue. 14 A. The ones that were for disbursements at that 1 Q. Does this document refresh your recollection about f	22	shows 100,029.48, that 100,029.48 be disbursed for a		22	Q. And if you look at Exhibit J. It's the same as	;
25 handwritten numbers are requests for disbursements; is 25 Q. And does that refresh your recollection as to 1 that right? 1 anything that occurred, other than what you told us 2 A. Correct. 2 today? 3 Q. Seeing Exhibit G, does that refresh your 3 A. No, this is in regards to cost overruns. 4 recollection as to anything that occurred, other than 46 1 5 what you've told us about today? 3 A. No, this is in regards to cost overruns. 6 A. Best of my knowledge, no. It is what it is. 7 Q. And it was in or about December of 2008 that so you stopped dealing with this loan; is that right? 6 A. Best of my knowledge, no. It is what it is. 7 Q. Exhibit K. What is Exhibit K? 8 is an email exchange between you and Mr. Jolley, 8 A. Their deficiency list. They have requested 9 correct: 10 A. Correct. 10 No. you know if Mr. Jolley ever provided all the 12 problems between Washington Mutual and Mr. Jolley 11 Q. Doyou know if Mr. Jolley ever provided all the 13 resolved as of September of 2006? 13 A. I have no clue. 14 A. Th	23	total request of disbursement of 150,509.56.		23	Exhibit T, which we looked at earlier.	
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1 that right? 1 anything that occurred, other than what you told us 2 A. Correct. 2 today? 3 Q. Seeing Exhibit G, does that refresh your 3 A. No, this is in regards to cost overruns. 4 recollection as to anything that occurred, other than 4 Q. And it was in or about December of 2008 that 5 what you've told us about today? 5 you stopped dealing with this loan; is that right? 6 A. Best of my knowledge, no. It is what it is. 7 Q. Would you look at Exhibit H, please. Exhibit H 8 is an email exchange between you and Mr. Jolley, 8 A. Their deficiency list. They have requested 9 correct? 9 funds, and they did not have all the items that were 10 A. Correct. 10 necessary to disburse funds. 11 Q. To the best of your recollection, were the 11 Q. Do you know if Mr. Jolley ever provided all the 12 problems between Washington Mutual and Mr. Jolley 13 A. I have no clue. 14 A. The ones that were for disbursements at that 14 Q. Does this document refresh your recollection about any communications other than 15 time, yes. 16 <td< td=""><td>25</td><td>handwritten numbers are requests for disbursements; is</td><td></td><td>25</td><td>Q. And does that refresh your recollection as to</td><td></td></td<>	25	handwritten numbers are requests for disbursements; is		25	Q. And does that refresh your recollection as to	
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4recollection as to anything that occurred, other than5what you've told us about today?6A. Best of my knowledge, no. It is what it is.7Q. Would you look at Exhibit H, please. Exhibit H8is an email exchange between you and Mr. Jolley,9correct?10A. Correct.11Q. To the best of your recollection, were the12problems between Washington Mutual and Mr. Jolley13resolved as of September of 2006?14A. The ones that were for disbursements at that15time, yes.16Q. And after seeing Exhibit H, does that refresh17you've told us today?18what you've told us today?19A. Yeah, that's I told him everything that he20had requested was ready to go.	2	A. Correct.		2	today?	
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 A. Best of my knowledge, no. It is what it is. Q. Would you look at Exhibit H, please. Exhibit H is an email exchange between you and Mr. Jolley, correct? A. Correct. A. Correct. Q. To the best of your recollection, were the problems between Washington Mutual and Mr. Jolley resolved as of September of 2006? A. The ones that were for disbursements at that time, yes. Q. And after seeing Exhibit H, does that refresh Q. And after seeing Exhibit H, does that refresh what you've told us today? A. Yeah, that's I told him everything that he had requested was ready to go. A. Best of my knowledge, no. It is what it is. G. A. Correct. G. Do you know if Mr. Jolley ever provided all the G. Do you know if Mr. Jolley ever provided all the G. Do you know if Mr. Jolley ever provided all the G. Do you know if Mr. Jolley ever provided all the G. Do you know if Mr. Jolley ever provided all the G. Do you know if Mr. Jolley ever provided all the G. Do you know if Mr. Jolley ever provided all the G. Do you know if Mr. Jolley ever provided all the G. A. I have no clue. G. A. No. Just that I had notified him what Mabette<!--</td--><td>4</td><td>recollection as to anything that occurred, other than</td><td></td><td>4</td><td>Q. And it was in or about December of 2008 that</td><td></td>	4	recollection as to anything that occurred, other than		4	Q. And it was in or about December of 2008 that	
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	19	A. Yeah, that's I told him everything that he		19	Q. Exhibit L, I don't know that it has anything to	
21 O And Exhibit Lie a conv of the modification	20	had requested was ready to go.		20	do with you. Have you seen it before?	
	21	Q. And Exhibit I is a copy of the modification		21	A. No.	
22 agreement between Washington Mutual and Jolley entered 22 Q. Exhibit M, have you seen this document before	22	agreement between Washington Mutual and Jolley entered		22	Q. Exhibit M, have you seen this document before?	
23 into in 2007 or the end of 2006, right? 23 A. Yeah, this is one of their extensions.	23	into in 2007 or the end of 2006, right?		23	A. Yeah, this is one of their extensions.	
24 A. The end of 2007. 24 Q. Do you know if it was ever signed by	24	A. The end of 2007.		24	Q. Do you know if it was ever signed by	
25 Q. It's not dated, but it's got a file recorded 25 Mr. Jolley?	25	Q. It's not dated, but it's got a file recorded		25	Mr. Jolley?	



Toll Free: 800.610.0505 Facsimile: 916.446.2777

October 4, 2011

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		49			51
1	A. I believe so. This is 2008.		1	size of the project.	
2	Q. If you look at Exhibit N, it also appears to be		2	Q. So it was on a case-by-case basis?	
3	an extension, but that one seems to be signed. It is		3	A. Yes. They were portfolioing these loans.	
4	signed.		4	Q. I'm sorry. What did you just say?	
5	A. Yeah, this would have been the extension, then,		5	A. They were portfolioing the loans. So they were	
6	yes.		6	keeping them on their books. So they weren't selling	
7	Q. Exhibit		7	them off, securitizing them. So they sort of did what	
8	A. N is the same as M but signed.		8	they wanted to with them until they were completed	
9	Q. And you told us everything you recall about the		9	loans, and then securitize them off and sell them off.	
10	extensions, right?		10	Q. Exhibit R, please.	
11	A. Right.		11	A. I don't know if he's applying that one or not.	
12	Q. Exhibit O, please. Have you seen Exhibit O		12	Q. Exhibit S. May I see what you have for S?	
13	before?		13	A. (Indicating.)	
14	A. I may or may not. I don't particularly recall		14	Q. Oh, okay. You saw that exhibit earlier in the	
15	this. But Jed and I may have spoke about it. Jed		15	deposition, right?	
16	usually called me whenever he received something.		16	A. Yes.	
17	Q. So you don't recall seeing it back in 2008,		17	Q. Okay. Exhibit T. You saw that exhibit earlier	
18	right?		18	in the deposition as well, right?	
19	A. Right.		19	A. Yes.	
20	Q. Now that you've read it, did you agree with the		20	Q. And that's an email exchange between you and	ł
21	statements in this letter at the time of March of 2008?		21	Mabette, right?	
22	A. Which statements?		22	A. Uh-huh.	
23	Q. The ones that Mr. Bradley puts in there. Let's		23	Q. (Indicating.)	
24	say one through 11, if you have an opinion.		24	A. Yes. I'm sorry.	
25	A. One, yes; two, yes; three, yes; four, yes;		25	Q. Exhibit U, have you seen that one before?	
		50			
		50	[52
1	five, yes; six, yes; seven, yes; eight, yes; nine, yes;	50	1	A. No, I have not.	52
1 2	five, yes; six, yes; seven, yes; eight, yes; nine, yes; ten, yes; and 11, yes. That was a bad storm year.	50	1 2	 A. No, I have not. Q. And Exhibit V are documents you provided to me 	52
		50		-	52
2	ten, yes; and 11, yes. That was a bad storm year.	50	2	Q. And Exhibit V are documents you provided to me	52
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	53 A. Veeb	1	55 Q. And Chase would not agree to do that, right?	5
1	A. Yeah.	2	A. Correct.	
2	Q during the same time period?	3	MS. KELLY: I don't have any other questions.	$$
3	A. Yeah.			
4	Q. After you left Washington Mutual, did you ever	4	MR. BRADLEY: Okay if we could take like a	
5	ask Washington Mutual for any information regarding	5	five-minute break? I think I can finish up in	
6	Mr. Jolley's loan that wasn't provided to you?	6	30 minutes and we'll all get out of here.	
7	A. Yes.	7	MS. KELLY: Works for me.	
8	Q. And what was that?	8	(Recess.)	
9	A. Current inspection sheets of what work had been	9	EXAMINATION	
10	done.	10	BY MR. BRADLEY:	
11	Q. So that's you asked Washington Mutual for	11	Q. Okay. Mr. Thorne, let's digress to the	
12	those?	12	beginning of the loan. In a letter here to Jed	
13	A. Mm-hrmm, yes.	13	Sonstroem on May 8th, 2006, I describe to him a document	
14	Q. Yes?	14	that was produced by Washington Mutual that said if you	
15	A. Sorry.	15	want to be reimbursed for these prepaids, check a box,	
16	Q. And who did you ask for those?	16	and that Mr. Jolley had checked the box and requested	
17	A. Mabette, usualiy.	17	that he get reimbursed for \$381,461.33.	
18	Q. Did she not provide them or there was a delay	18	Do you recall that in the documents?	1
19	in providing that information?	19	A. Yes.	
20	A. Oh, they usually provided them. I would just	20	Q. Was Jolley misled by the initial loan people	
21	have to call and get copies of them. Or as soon as they	21	and would that be Henpenny and Rocelios? (Phonetic)	
22	were ordered and came in, she would fax it to me.	22	A. It would have been the loan consultant that	
23	Q. Did she ever refuse to give you anything that	23	when they wrote up the document request, they would have	
24	you asked for?	24	had to specify that those items that were checked were	
25	A. No.	25	reimbursable items.	
	54		5.	
1		·		~
	O. Did she ever fail to give you anything that you	1 1	O. All right. And then do you recall the ladies.	1
	Q. Did she ever fail to give you anything that you asked for?	1	Q. All right. And then do you recall the ladies, was it one woman named Bocelios and another one	
2	asked for?	2	was it one woman named Rocelios and another one	
2 3	asked for? A. No.	2 3	was it one woman named Rocelios and another one Henpenny?	
2 3 4	asked for? A. No. Q. Did you ever ask Chase for any information that	2 3 4	was it one woman named Rocelios and another one Henpenny? A. I don't remember their names.	
2 3 4 5	asked for? A. No. Q. Did you ever ask Chase for any information that it refused to give you?	2 3 4 5	was it one woman named Rocelios and another one Henpenny? A. I don't remember their names. Q. Or Bunepenny?	
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October 4, 2011

	57			59
1	MS. KELLY: Mr. Bradley, are you asking this	1	was a wrong decision on the part of Washington Mutual?	
2	witness being a percipient witness or an expert witness?	2	A. The disbursables, there should not have been –	
3	MR. BRADLEY: Well, he no, I'm just talking	3	the disbursable money should have been disbursed at the	1
4	about for now the loan from its inception. He's	4	close of escrow.	
5	testified to these facts during your direct. I'm only	5	Q. To him?	
6	asking him to amplify on what he previously testified to	6	A. To him.	
7	you. And that was, he described the difference in the	7	Q. Right.	
8	two different loans.	8	A. And not placed in who-knows-what categories	
و	And we've, you know he described the down	9	that they placed them in.	
10	payments and the reimbursables. But that didn't happen.	10	Q. All right. And then in the process of doing	
11	And so I'm just amplifying what your deposition	11	the original loan, they arbitrarily assigned money to	
12	testimony was. If that was, in your opinion, expert	12	categories where weren't requested money and had further	
13	testimony, we need a check from you.	13	cut down the balance of the loan available or the cash	
14	MS. KELLY: No, I wasn't asking as an expert	14	available to him?	
15	witness. But I need clarification from you that this is	15	A. Taking the money that he was to receive from	
16	not an expert deposition. So don't ask hypotheticals.	16	what I could see is they placed those monies in	
17	Okay?	17	categories, which to my best recollection were arbitrary	
18	MR. BRADLEY: I don't think I am. I'm asking	18	categories that possibly had nothing to do with the	
19	for	19	construction, which lowered the amount of money he had	
20	MS. KELLY: Okay.	20	to build the home.	
21	MR. BRADLEY: evidence related to this case	21	Q. Okay. Is there a standard in the industry that	
22	and his interpretation of that evidence. Because he	22	if you make a construction loan you want to make sure	
23	participated in the modification of the initial loan.	23	that there's enough money to actually do the	
24	MS. KELLY: Well, you can ask about	24	construction?	
25	interpretation, as far as what he did in response to	25	MS. KELLY: Objection. This is expert witness	
		1		
	58			60
1	58 that interpretation. Does that make sense?	1	testimony.	60
1 2	1	1 2	testimony. MR. BRADLEY: I'm just asking for his	60
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October 4, 2011

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		61	63
1	A should be.		1 A. Right.
2	Q. Okay. So do you have knowledge when the		2 Q. You mentioned a document. It was 118 pages
3	initial loan was made and the loan documents prepared,		3 long. Can you describe that document? Is there a
4	did Washington Mutual lose the loan documents for a		4 heading on it?
5	period of 18 months?		5 A. Let me clarify my employment with the FDIC.
6	A. That I have no knowledge of.	1	6 Q. Okay.
7	Q. Okay. And did you tell me that you attended a		7 A. I went to work for a company called RSM
8	conference of banks at a resort area, I believe Hawaii,		8 McGladery
9	but at a resort area where Washington Mutual got up in		9 Q. Okay.
10	front of a group of lenders and explained what training		10 A as a contract employee to the FDIC that
11	they put their people through to do loans?	1	11 required me to pass all FDIC clearance requirements. I
12	A. That was done by a colleague of mine in	1	12 was one of the very few that did have FDIC signing
13	construction lending. I believe the seminar was held in	1	13 authority at the time that I was working under contract
14	San Diego. And they said no.	1	14 with them.
15	Q. Washington Mutual got up before all their	1	15 Q. And what did that signing authority give you
16	fellow lenders and explained that they had no training		16 power to do?
17	at all for their people?		1.7 A. I could sign out reconveyances, deeds, release
18	A. Right. They used to, and they disbanded that		18 notes, sign titles, sign checks for the FDIC. It was a
19	training.		19 pretty powerful pen.
20	Q. Would you expect that there would be a standard	1	20 Q. Okay. And how would you characterize a
21	in the industry that you would train your loan people		21 construction loan in the FDIC world; was a construction
22	how to make loans?		22 loan considered a mortgage, considered debt, considered
23	A. That's why there was a limited number of people		23 lines of credit? What kind of animal was it?
24	that were allowed to do construction loans, because they	1 2	24 A. A construction loan at the FDIC, when a bank
	where the state of		at failed it was considered a line of credit
25	were when you were a hired if you had background		25 failed, it was considered a line of credit.
		62	
1	in construction lending, you were allowed to do		64 1 Q. Okay. And for the FDIC to insulate the new
1 2	in construction lending, you were allowed to do construction loans. At the time, if you did not have		 Q. Okay. And for the FDIC to insulate the new lender from any liability from the old lender, is there
1 2 3	in construction lending, you were allowed to do construction loans. At the time, if you did not have the background, and significant background, you were not		 Q. Okay. And for the FDIC to insulate the new lender from any liability from the old lender, is there some document that the new lender would have to send out
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October 4, 2011

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1	provide necessary funding or basically to act in the		1	the notice of default?	
2	stead of Washington Mutual?		2	MS. KELLY: You're asking if it did, not if it	
3	MS. KELLY: Objection. You're asking for a		3	would, right?	
4	legal conclusion.		4	MR. BRADLEY: Yeah.	
5	MR. BRADLEY: Well, I'm asking for a		5	MS. KELLY: Could you rephrase the question?	
6	consequential conclusion. I mean, he was in between the		6	MR. BRADLEY: Well, let's start off with would.	
7	two banks, and because there's no letter of repudiation		7	Q. Would it create a cascading effect that the	
8	from the FDIC ever given to Jolley, nor exists,		8	filing of a notice of default would cascade down to the	
9	Washington Mutual's sins are visited upon Chase,		9	point that he would be isolated in the lending world and	
10	contrary to your theory. It's the law.		10	not be able to acquire necessary funds?	
11	MS. KELLY: Okay. It's a legal issue.		11	MS. KELLY: But you're asking for an expert	
12	MR. BRADLEY: Well, it's also a factual issue,		12	opinion, not a percipient witness.	
13	because I'm now going to ask him: Did you participate		13	MR. BRADLEY: No. He's in the banking	
14	in the bridge between Washington Mutual and Chase as far		14	industry. He reviews people's credit to make a	
15	as Jolley was concerned?		15	determination of whether they're eligible for a loan.	
16	MS. KELLY: You can ask that question.		16	He did it in this instance. Said Jolley's credit was	
17	MR. BRADLEY: Yes.		17	excellent, and it had improved. And I'm only asking for	
18	Q. Did you?		18	his understanding of the aftereffect of Chase's notice	
19	A. No, I did not.		19	of default.	
20	Q. Did you know that Jolley requested of Chase an		20	MS. KELLY: With respect to Mr. Jolley.	
21	additional \$400,000 to finish the project?		21	MR. BRADLEY: Yeah.	
22	A. Yes, I did.		22	Q. Would that have isolated him in the credit	
23	Q. And were you aware that Chase turned him down?		23	world so as not being able to access funds elsewhere?	
24	A. Yes, I knew that it was turned down.		24	MS. KELLY: So the question, though, has to be	
25	Q. And you say at that point all Chase was		25	did it actually affect him, not	
		66			68
1	concerned about or concerned with was just foreclosing?		1	MR. BRADLEY: Well, Jolley had	00
1 2	concerned about or concerned with was just foreclosing? A. That was my understanding.		1 2	MS. KELLY: - would it in theory?	
1		and the second		· · ·	
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1	69	1		71
1 2	Q. Okay. Would the notice of liens against the		Was it two million or do you know an approximate dollar	
	property with subsequent judgments impair his credit and	2	amount?	
3	ability to borrow? A. Yes,	3	A. The last loan I remember was 2.4.	
4		4	Q. So at an appraised value of 4.3, there was	
5	MS. KELLY: And I'm maintaining a line of	5	available at least \$900,000 in equity?	
6	objections to this.	6	A. Without calculating, yeah, roughly.	
7	MR. BRADLEY: Okay. MS. KELLY: Okay?	7	Q. Okay. And then with the passage of time and	
8		8	the collapse of the real estate market, that money was	
9	MR. BRADLEY: That's not a problem. MS. KELLY: Okay.	9	lost to Jolley?	
10 11	Q. BY MR. BRADLEY: Were you concerned at the time	10	MS. KELLY: Same objections.	
12	you left WaMu that there were things that WaMu was doing	12	THE WITNESS: That I can't speculate based on the market.	
13	that were a violation of lending regulations put out by	13	Q. BY MR. BRADLEY: Okay, Now, this 118-page	
14	the treasury department, the controller of the currency?	14	document, can you again describe to me what its contents	
15	A. No, not necessarily.	15	was?	
16	Q. Okay. Would you say that it was simply the	16	A. There's two documents. They're the same	
17	negligence of WaMu's employees in creating this initial	17	document. And it is the right to purchase a financial	
18	loan that caused Jolley to have to ask for an extension	18	institution. That's the purchase agreement. One of	
19	and a modification of the loan?	19	them is 35 pages long that is recorded and made public	
20	MS. KELLY: Objection. Expert opinion, but as	20	by the FDIC, and the other is a continuation of the 35	1
21	long as it's not an expert deposition, go ahead and ask	21	pages up to the 118 pages that spells out an agreement	
22	your questions.	22	between the purchasing institution and the FDIC as to	
23	Do you need it read back?	23	how they are to handle the customers upon the purchase	
24	THE WITNESS: Yeah.	24	of the bank; i.e., how the foreclosures are to be	
25	(Record read.)	25	handled, work out agreements that they're supposed to	
	70			72
1	THE WITNESS: Yes.	1	make. Are they supposed to make an offer? They have to	72
2	THE WITNESS: Yes. Q. BY MR. BRADLEY: And do you think Chase's	1 2	make. Are they supposed to make an offer? They have to make certain offers in writing. They have to present	72
2 3	THE WITNESS: Yes. Q. BY MR. BRADLEY: And do you think Chase's refusal to lend additional funds on this loan created a	1 2 3	make. Are they supposed to make an offer? They have to make certain offers in writing. They have to present them to the FDIC to show that they're working with them	72
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October 4, 2011

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· 1	MS. KELLY: I have one question, I think.	1	REPORTER'S CERTIFICATION	
2	EXAMINATION	2		
3	BY MS. KELLY:	3	I, Daniel E. Blair, a Certified Shorthand Reporter	
4	Q. You don't know the actual training provided to	4	in and for the State of California, do hereby certify:	
5	the loan consultants that dealt with Jolley with respect	5		
6	to construction loans?	6	That the foregoing witness was by me duly sworn;	
7	A. We used to have a training department that you	7	that the deposition was then taken before me at the time	
8	had to go through. It was like a three-day training	8	and place herein set forth; that the testimony and	
9	course to be certified to do construction loans. And	9	proceedings were reported stenographically by me and	
10	WaMu disbanded that. And only those people that had	10	later transcribed into typewriting under my direction;	
11	that previous certification were allowed to continue on.	11	that the foregoing is a true record of the testimony and	
12	So, in reality, all that was left was one	12	proceedings taken at that time.	
13	individual nationwide that would sit down one day with	13		
14	certain people. And we weren't really adding anybody to	14	IN WITNESS WHEREOF, I have subscribed my name on	
15	the list because we have enough people to do	15	October 12, 2011.	
16	construction loans to train anybody else. So we had	16		
17	plenty of people, and we had enough in each region	17		
18	across the 38 states that would you were to the	18		
19	other loan officers were to or loan consultants were to	19	Daniel E. Blair, CSR No. 4388	
20	refer them off. ¹ And to those loan consultants, because	. 20		
21	of the payment schedule that was on those, we would pay	21		
22	back the other loan consultant referred to us a portion	22		
23	of our commissions.	23	•	
24	So, no, there was no set training schedule and,	24		
25	no, they were not adding anybody else. And this person	25		
	- 7	4	***************************************	76
1	that did this loan did not receive the training.	1	DEPOSITION ERRATA SHEET	76
1 2		1	DEPOSITION ERRATA SHEET Our Assignment No. 418084	76
	that did this loan did not receive the training.	1		76
2	that did this loan did not receive the training. MS. KELLY: I don't have any other questions.	1 2	Our Assignment No. 418084	76
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