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STATE OF MINNESOTA  
COUNTY OF RAMSEY

DISTRICT COURT  
SECOND JUDICIAL DISTRICT

Case Type: Other Civil

Assigned to: Examiner of Titles

Deutsche Bank National Trust Company, as  
Trustee for HSI Asset Loan Obligation Trust  
2007-1,

Plaintiff,

File No. 62-CV-20-273

vs.

FINDINGS OF FACT,  
CONCLUSIONS OF LAW, ORDER  
FOR JUDGMENT AND JUDGMENT

Philip S. Schloss, Jonathan Greenon, and  
HSBC Mortgage Corporation (USA), Also all  
other persons unknown claiming any right,  
title, estate, interest, or lien in the real estate  
described in the complaint herein,

Defendants.

The above-entitled matter came on for remote hearing before the Examiner of Titles and reviewed by one of the judges of the above-named court at the Ramsey County District Court, in the City of St. Paul, State of Minnesota on July 10, 2020 at 2:00 p.m. Appearances were noted on the record.

The Court, having heard the testimony and being fully advised in the premises, upon all the files, pleadings and proceedings herein, makes the following:

**FINDINGS OF FACT**

1. At all times relevant herein Plaintiff was and is a national trust company existing under the laws of the United States and holds mortgages in the State of Minnesota.

2. At all relevant times herein, Defendant Philip S. Schloss (hereafter, "Schloss") was a resident of Ramsey County and remains the owner of vacant property located in Ramsey County at 1033 Galtier Street, St. Paul, MN 55117, legally described as follows:

Lot 6, Block 31, Auerbach and Hand's Addition to the City of St. Paul, Ramsey County, Minnesota. (Hereafter, the "Property".)

3. Plaintiff is the holder of that certain mortgage encumbering the Property dated February 15, 2007, and recorded in the office of the Ramsey County Recorder on June 7, 2007 as Document No. 4033876, from Philip S. Schloss, a single person, as Mortgagor, to Mortgage Electronic Registration Systems, Inc. as Mortgagee. (Hereafter, "Plaintiff's Mortgage".) A redacted copy of Plaintiff's Mortgage is attached to the complaint as Exhibit A.

4. Plaintiff's Mortgage was assigned to Plaintiff by the following two Assignments of Mortgage: first, dated February 15, 2013 and recorded February 21, 2013 as Document No. 4386837, assigning Plaintiff's Mortgage from Mortgage Electronic Registration Systems, Inc. as nominee for HSBC Mortgage Corporation (USA) to HSBC Bank USA, N.A.; and second, dated February 15, 2013 and recorded February 21, 2013 as Document No. 4386838 assigning Plaintiff's Mortgage from HSBC Bank USA, N.A. to Plaintiff. Redacted copies of the two assignments are attached to the complaint as Exhibit B.

5. At all relevant times herein, Defendant Jonathan Greenson (hereafter, "Greenson") was a resident of Ramsey County, and may claim an interest in the Property. That after searching public records and hiring Metro Legal Services, Inc. to conduct a skip trace for Greenson, Plaintiff has been unable to locate any current address for Greenson.

6. Defendant HSBC Mortgage Corporation (USA) (hereafter "HSBC") is organized under the laws of Delaware, and holds mortgages in the State of Minnesota. That on January 27,

2014, upon application by HSBC, the Minnesota Secretary of State issued a Certificate of Withdrawal for HSBC. This current civil action is based on obligations incurred by or arising out of business done by HSBC in the State of Minnesota prior January 27, 2014. The forwarding address on the withdrawal application form designated by HSBC for any process served on the Secretary of State of Minnesota was "c/o Office of General Counsel, 95 Washington Street, Buffalo, NY 14203".

### **Count One – Determination of Interest in the Property**

7. Plaintiff reiterates and incorporates paragraphs 1-6 above.

8. Schloss and Greenson took title to the Property as joint tenants by the Warranty Deed dated January 23, 2004, and recorded March 5, 2004 as Document No. 3734570, and by the Quit Claim Deed dated January 24, 2004 and recorded in the office of the Ramsey County Recorder on March 5, 2004 as Document No. 3734569. A copy of the Warranty Deed is attached to the complaint as Exhibit C. A copy of the Quit Claim Deed is attached to the complaint Exhibit D.

9. Also on January 23, 2004, Schloss and Greenson executed a mortgage encumbering the Property and recorded on March 5, 2004 as Document No. 3734572, that was assigned to Inter Savings Bank, FSB, by the Assignment recorded as Document No. 3734573. This mortgage has since been satisfied or record. Upon information and belief, this mortgage was the last document of record signed by Greenson in relation to the Property.

10. Upon information and belief, sometime prior to February 15, 2007, the date of Plaintiff's Mortgage, Greenson executed and delivered a deed in favor of Schloss, conveying all interest of Greenson in the Property to Schloss. The original deed was never recorded, has been lost and Plaintiff has been unable to obtain a copy of the deed.

11. Any interest Greenson may have had or claimed to have in the Property has been abandoned by Greenson.

12. Upon information and belief, Schloss held all interest in the Property at the time he executed Plaintiff's Mortgage, thus Plaintiff's Mortgage encumbered all interests in the Property at the time it was signed on February 15, 2007.

13. Plaintiff seeks an order from the court declaring Greenson no longer holds any interest in the Property, that Schloss was the sole owner of the Property at the time he signed Plaintiff's Mortgage, and that Plaintiff's Mortgage encumbers all interests in the Property.

#### **Count Two – Determination of Void Conveyance**

14. Plaintiff reiterates and incorporates paragraphs 1-13 above.

15. Schloss filed for Chapter 13 Bankruptcy on August 13, 2012 in the Central District of California.

16. Upon information and belief, the Bankruptcy Plan contemplated surrendering two residential properties in the State of Minnesota, one being the subject Property described in Paragraph 2 above.

17. On March 8, 2013, Schloss executed a Quit Claim Deed purporting to convey all interest in the property, without merger, to HSBC Mortgage Corporation (USA). Said Quit Claim Deed was recorded on March 8, 2013, as Document No. 4389661 (hereafter "Schloss Quit Claim Deed"). A copy of the Schloss Quit Claim Deed is attached to the complaint as Exhibit E.

18. The Schloss Quit Claim Deed included a page 3 with recitations alleging the conveyance was an absolute conveyance for fair and adequate consideration in full satisfaction of all obligations secured by Plaintiff's Mortgage.

19. When the Schloss Quit Claim Deed was signed and recorded on March 8, 2013, Plaintiff was the holder of the Mortgage interest in Plaintiff's Mortgage, and HSBC Mortgage Corporation (USA) was at that time, a stranger to title.

20. Upon information and belief, the Schloss Quit Claim Deed was drafted, signed and recorded as a unilateral act of Schloss without the knowledge of Plaintiff, lacked consideration and the Schloss Quit Claim Deed was never delivered to Plaintiff and Plaintiff has never accepted delivery of the Schloss Quit Claim Deed.

21. The Schloss Quit Claim Deed is void and Plaintiff seeks an order from the court declaring (1) the Schloss Quit Claim Deed is void and of no legal effect, (2) HSBC holds no interest in Plaintiff's Mortgage or the Property, and (3) Schloss remains the Fee owner of the Property, subject to the interest of Plaintiff's Mortgage as described in Paragraph 3 above.

22. Defendant Schloss was personally served on January 26, 2020, at his residence in Carson City, Nevada, by service on a person of suitable age and discretion residing at the residence. Defendant Schloss also received service by Waiver of Service of Summons pursuant to Minn. R. Civ. P. 4.05, mailed on January 28, 2020 and received on February 9, 2020. The relevant periods to respond to the Summons and Complaint based on the above methods of service have passed, without Defendant Schloss serving or filing an Answer.

23. After attempted personal service at Defendant Greenson's last known address in New York, New York and following a skip trace conducted at Plaintiff's request, Defendant Greenson could not be located in the State of Minnesota, or otherwise in the United States. Defendant Greenson was served by publication on April 23, 2020, 21 days following the date of first publication. Defendant Greenson has not served or filed an Answer in this matter.

24. Defendant HSBC Mortgage Corporation (USA) was served on January 16, 2020 via the Minnesota Secretary of State, 21 days have passed and HSBC has not served or filed an Answer. Plaintiff's Attorney received a phone call from HSBC assistant general counsel, Joe Mooney, on February 28, 2020. Mr. Mooney stated that HSBC does not intend to respond and has chosen to remain silent in this matter.

25. All other persons unknown claiming any right, title, estate, interest, or lien in the real estate described in the complaint herein were served by publication on April 23, 2020, 21 days following the date of first publication. No party has served or filed an Answer in this matter.

26. The Defendants are in default.

#### CONCLUSIONS OF LAW

1. Pursuant to Minn. R. Civ. P. 55.01, Plaintiff is entitled to judgment by default against Defendants.

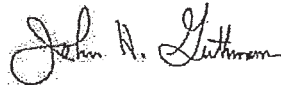
2. Judgment may be rendered against a Defendant who is in default, when the averments and material allegations in the complaint are sufficient to support the judgment and the relief granted does not exceed that sought in the complaint. *Doud, Sons & Co. v. Duluth Milling Co.*, 56 N.W. 463, 463-64 (Minn. 1893), *Prince v. Farrel*, 20 N.W. 234, 234 (Minn. 1884), *Child v. Washed Sand & Gravel Co.*, 233 N.W. 586, 587 (Minn. 1930). The averments and material allegations in Plaintiff's complaint are sufficient to support the judgment and the judgment in this matter does not exceed the remedy sought in the complaint.

Based on the foregoing the Court makes the following as its:

**ORDER FOR JUDGMENT**

1. Jonathan Greenson conveyed all interest in the Property described in Paragraph 2 above, to Philip S. Schloss at some time prior to the execution of Plaintiff's Mortgage on February 15, 2007.
2. Jonathan Greenson has abandoned all right, title and interest in the Property.
3. Philip S. Schloss held all interests to the Property in fee prior to executing Plaintiff's Mortgage on February 15, 2007 and Plaintiff's Mortgage recorded as Document No. 4033876 therefore encumbers all interests in the Property.
4. The Quit Claim Deed dated March 8, 2013 and recorded as Document No. 4389661 is void and of no legal effect.
5. HSBC Mortgage Corporation (USA) holds no interest in Plaintiff's Mortgage or the Property.
6. Philip S. Schloss remains the Fee owner of the Property, subject to the interest of Plaintiff's Mortgage.

LET JUDGMENT BE ENTERED ACCORDINGLY.



Guthmann, John (Judge)  
Jul 13 2020 4:33 PM

Judge of District Court

Entry of the above Findings of Fact, Conclusions of Law,  
Order for Judgment, and Judgment is recommended.  
Wayne D. Anderson, Examiner of Titles



By: Anderson, Wayne  
Jul 10 2020 2:22 PM



Certified to be a true and correct copy of the  
document filed with the court.

State of Minnesota, District Court, County of Ramsey

Dated this 15<sup>th</sup> day of July 2020

By Shawnee Bailey Deputy