

FOR YOUR RECORDS

[REDACTED]
NOVEMBER 20, 2008

[REDACTED] AND [REDACTED] AND
[REDACTED]
LAGUNA BEACH, CALIFORNIA 92651

Via FEDEX

WE ARE A DEBT COLLECTOR. THIS IS AN ATTEMPT TO COLLECT A DEBT AND ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.

WE HAVE TOLD A CREDIT BUREAU ABOUT A LATE PAYMENT, MISSED PAYMENT, OR OTHER DEFAULT ON YOUR ACCOUNT. THIS INFORMATION MAY BE REFLECTED IN YOUR CREDIT REPORT.

RE: [REDACTED]
Property Address: [REDACTED]
LAGUNA BEACH, CALIFORNIA 92651

Dear [REDACTED]

Thank you for your continued interest in our Homeownership Preservation Program. Enclosed is your proposed Loan Modification Agreement ("Agreement") (three identical sets of documents). The Agreement was prepared consistent with the terms you discussed with a loan workout specialist. The Agreement will not be binding or effective until it has been signed by both you and the lender in compliance with the instructions and conditions in this letter.

Please review the Agreement carefully and if you so desire, consult your own attorney. When you are satisfied with the Agreement and if you wish to proceed with the loan modification, sign all the documents in black ink, in the presence of a notary and keep one for your records and return two signed originals to [REDACTED] in the envelope provided. Please sign your name exactly as it is printed under the signature line. Where appropriate, witness signatures must be from two different individuals and require their printed name under their signature.

Along with the signed Agreement, you must also send a certified check or cashier's check in the amount of \$ 3,409.00 . This amount includes charges for the modification fee and necessary advances including but not limited to recording fees, attorney fees and costs, returned check fees and late charge fees, if any. Additional sums may become due as a result of the timing of this letter and Agreement. Nothing in this letter or Agreement precludes our collections of additional advances.

The signed Agreement and certified or cashier's check must be received by [REDACTED] Bank at the following address on or before **DECEMBER 3, 2008** .

SPACE ABOVE THIS LINE FOR RECORDER'S USE

WHEN RECORDED MAIL TO:
FIRST AMERICAN TITLE
P.O. BOX 27670
SANTA ANA, CA 92799-7670
ATTN: LMTS

PREPARED BY:

[REDACTED]

7255 BAYMEADOWS WAY
JACKSONVILLE, FL 32256
ATTN: LMTS

Tax Parcel No.: [REDACTED]

Loan No. [REDACTED]

LOAN MODIFICATION AGREEMENT
PROVIDING FOR INTEREST ONLY PAYMENTS AND BALLOON

This Loan Modification Agreement ("Agreement") is effective this 1ST day of
DECEMBER, 2008, ("Effective Date") between

[REDACTED] HUSBAND AND WIFE
AND [REDACTED] SINGLE MAN ALL AS JOINT TENANTS

(hereinafter, "the Borrower"), and

[REDACTED], (hereinafter, "the Lender").

Together, the Borrower and the Lender are referred to herein as "the Parties".

RECITALS

The Parties enter into this Agreement with reference to the following stipulated facts:

First American Loan Production Services
First American Real Estate Solutions LLC
FALPS# IOBALLMOD Rev. 08-18-08

[REDACTED]
7255 BAYMEADOWS WAY
JACKSONVILLE, FLORIDA 32256

A title search and endorsement to the original title policy or new title policy must be obtained prior to recording the Agreement.

There is no Agreement if:

- clear title is not confirmed to the satisfaction of the lender;
- the mortgage insurer does not approve; or
- there are any material adverse changes in the circumstances or property condition.

Failure to comply with the requirements and conditions within the specified time period may result in the resumption of normal collection and foreclosure efforts, without further notice.

Upon the Agreement becoming binding and effective, the interest amount of your monthly payments will be \$ 1,685.78 . Your first payment including taxes and insurance (if applicable) is due JANUARY 1, 2009 , the total payment amount is \$ 1,685.78 . This payment amount is subject to change upon escrow analysis, if applicable.

If you are currently in an active bankruptcy, or have been discharged from a bankruptcy previously, then this letter and Agreement does not in any way mean that [REDACTED] Bank, the Trust, or anyone acting on their behalf is attempting to hold you personally liable for the loan. This notice is intended to inform you of your rights as they refer to the lender's ability to foreclose on your property per the loan documents if the loan is not timely brought current.

If you have any further questions please consult with your [REDACTED] Homeowner's Assistance representative by calling the toll-free phone number below.

Sincerely,

Homeowner's Assistance Department

1-866-[REDACTED]-YES (1-866-926-8937)

██████████

A. On **JULY 31, 2007**, Borrower purchased, re-financed or otherwise obtained an interest in a certain real property in **ORANGE County, CALIFORNIA**. In connection with the acquisition of the real property the Borrower delivered a certain promissory note dated **JULY 31, 2007**, in the original principal amount of **\$1,900,000.00** ("Note").

B. The Note was and is secured by a deed of trust, mortgage, applicable riders, addenda or other security instrument ("Security Instrument"), dated **JULY 31, 2007** and recorded **AUGUST 8, 2007** as Instrument No. **██████████** in the official records of **ORANGE County**, as a lien against the real property described in the Security Instrument, and located at **██████████, LAGUNA BEACH, CALIFORNIA 92651** (the "Subject Property"), and is more particularly described as:
SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF;

TAX ID #: **██████████**

C. Borrower is the current owner of record of the Subject Property. No other persons or business entities have ownership, management or control of the Subject Property. Borrower has not assigned, transferred, mortgaged or hypothecated the Subject Property, or any fee estate therein, nor the rents, income and profits of the Subject Property as may be described in the Security Instrument, except as set forth in these recitals.

D. Borrower has failed to make one or more payments on the Note before expiration of the applicable grace period. Borrower has requested that the terms of the Note and Security Instrument be modified. The Parties have agreed to do so pursuant to the terms and conditions stated in this Agreement.

~~CONFIDENTIAL~~

AGREEMENT

NOW, THEREFORE, In consideration of the mutual promises and agreements exchanged, the Parties hereto agree as follows:

1. **Incorporation of Recitals.** The Recitals are an integral part of this Agreement and are incorporated by reference herein.
2. **Unpaid Principal Balance.** The Parties agree that the unpaid principal balance of the Note and Security Instrument prior to signing this Agreement was **\$1,918,780.04** ("Unpaid Principal Balance.")
3. **Capitalization.** The Borrower acknowledges and agrees that interest on the Unpaid Principal Balance has accrued but has not been paid, that ~~XXXXXX~~ has incurred, paid or otherwise advanced taxes, insurance premiums and other expenses necessary to protect the interest of the Note holder or mortgagee, and that such accrued and unpaid interest, costs and expenses in the total amount of **\$ 104,160.68** (the "Capitalized Amount") have been added to the indebtedness under the terms of the Note and Security Instrument, as of **DECEMBER 1, 2008**. The Capitalized Amount is included in the Modified Principal Balance and shall be due and payable on the Maturity Date.
4. **Modified Principal Balance.** The new balance due on the loan is **\$ 2,022,940.72** ("Modified Principal Balance"), which consists of **\$ 1,918,780.04** plus **\$ 104,160.68**. The Borrower does not have any defenses, offsets or counterclaims to the Modified Principal Balance.
5. **Repayment.** The Modified Principal Balance shall be repaid in periodic installments and accrue interest as further described herein.
6. **Interest Rate; Monthly Payments.** Currently the interest rate is **7.322%**. The interest rate is hereby modified as follows:
 - (a) Interest will be charged on the Modified Principal Balance for the first year of this Agreement at the yearly rate of **1.000000** % beginning with the payment due on **JANUARY 1ST, 2009**. During this first year the Borrower promises to pay monthly payments of interest only in the amount of \$ **1,685.78**.
 - (b) During the second year of this Agreement, interest will be charged at the yearly rate of **3.000000** % beginning with the payment due on **JANUARY 1ST, 2010**. During this second year the Borrower promises to pay monthly payments of interest only in the amount of \$ **5,057.35**.

(c) During the third year, and subsequent years of this Agreement, interest will be charged at the yearly rate of **5.000000** % beginning with the payment due on **JANUARY 1ST, 2011**. During the third year and subsequent years the Borrower promises to pay monthly payments of interest only in the amount of \$ **8,428.92** and shall continue thereafter on the same day of each succeeding month until the Modified Maturity Date at which time all amounts due under the Note, Security Instrument and this Agreement must be paid in full.

(d) Borrower(s) acknowledges and agrees that if the Note and Security Agreement require a payment for escrow, then each monthly payment must also include the escrow portion. Borrower further acknowledges and agrees that the total monthly payment is also subject to change due to escrow analysis for taxes and insurance.

7. **Modified Maturity Date.** The maturity date for payment of the Note in full and satisfaction of the Security Instrument, as modified by this Agreement, is changed to **12/01/2013** ("Modified Maturity Date"). Borrower acknowledges and understands that, as a result of this Agreement, which defers payment of arrears or principal payments, or both, a lump sum payment will be due on the Modified Maturity Date. All amounts due and owing under the Note, Security Instrument and this Agreement are due in full on the Modified Maturity Date.

8. **Delivery of Payments.** The Borrower promises to make the periodic monthly payments described in this Agreement and any other amounts due under the Note and Security Instrument, to the order of ~~Wilmington Bank~~. Borrower(s) shall make the monthly payments as follows, or at such other place that ~~Wilmington Bank~~ may designate:

~~Wilmington Bank~~
7301 Baymeadows Way
Jacksonville, FL 32256

9. **Acceleration Upon Unauthorized Transfer.** If all or any part of the Subject Property or any interest is sold or transferred (or if a beneficial interest in the Borrower is sold or transferred and the Borrower is not a natural person) without the Note holder and mortgagee's prior written consent, the Note holder may, at its option require immediate payment in full of all sums due under the Note, Security Instrument and this Agreement. If the Note holder exercises this option, the Note holder shall give the Borrower notice of acceleration. The notice shall provide a period of

[REDACTED]

not less than 30 days from the date the notice is mailed within which the Borrower must pay all these sums prior to the expiration of the 30 day period, the Note holder may invoke any remedies permitted by the Note, Security Instrument and applicable law.


10. **Effect of this Agreement.** Except to the extent that they are modified by this Agreement, the Borrower(s) hereby reaffirm all of the covenants, agreements and requirements of the Note and Security Instrument, including without limitation, the Borrower's covenants and agreements to make all payments of taxes, insurance premiums, assessments, escrow items, impounds, and all other payments that the Borrower is obliged to make under the Security Instrument. Borrower(s) further agree to be bound by the terms and provisions of the Note and Security Instrument, as modified hereby.

11. **No Release.** Nothing in this Agreement shall be understood or construed to be a satisfaction or release in whole or in part of the Note and/or Security Instrument. Except as expressly provided in this Agreement, all of the terms, covenants agreements and the Note and Security Instrument will remain unchanged and the Parties will be bound by, and comply with, all of the terms and provisions of the instruments, as amended by this Agreement.

12. **Warranties.** Borrower does hereby state and warrant that the above described Note is valid and enforceable in all respects and is not subject to any claims, defenses or right of offset or credit except as herein specifically provided. Borrower does further hereby extend all liens and security interests on all of the Subject Property and any other rights and interests which now or hereafter secure said Note until said Note as modified hereby has been fully paid, and agree that this modification and extension will in no manner impair the Note or any of the liens and security interests securing the same and that all of the liens, equities, rights, remedies and security interests securing said Note shall remain in full force and effect and shall not in any manner be waived. Borrower further agrees that all of the terms, covenants, warranties and provisions contained in the original Note and Security Instrument are now and shall be and remain in full force and effect as therein written, except as otherwise expressly provided herein, until the Note is paid in full and all other obligations under the Security Instrument and this Agreement are fulfilled.

13. **Further Assurances.** Borrower does further state and warrant that all of the recitals, statements and agreements contained herein are true and correct and that Borrower is the sole owner of the fee simple title to all of the Subject Property securing the Note.

14. **Acknowledgment by Borrower.** As part of the consideration for this Agreement, Borrower agrees to release and waive all claims Borrower might assert against the [REDACTED] and or its Agents, officers, directors, attorneys, employees and any predecessor-in-interest to the Note and Security Instrument, and which Borrower contends caused Borrower damage or injury, or



which Borrower contends renders the Note or Security Instrument void, voidable, or unenforceable. This release extends to any claims arising from any judicial foreclosure proceedings or power of sale proceedings if any, conducted prior to the date of this Agreement. Borrowers have and claim no defenses, counterclaims or rights of offset of any kind against WaMu or against collection of the Loan.

15. Bankruptcy Considerations. Notwithstanding anything to the contrary contained in this Agreement, the Parties hereto acknowledge the effect of a discharge in bankruptcy that may have been granted to the Borrower prior to signing this Agreement and that WaMu may not pursue the Borrower for personal liability. However, the Parties acknowledge that WaMu and any subsequent mortgagee or beneficiary of the Security Instrument retains certain rights, including but not limited to the right to foreclose its lien against the Subject Property under appropriate circumstances. Nothing herein shall be construed to be an attempt to collect against the Borrower personally or an attempt to revive personal liability, if the Borrower has obtained a discharge of that liability from a United States Bankruptcy Court.

[signature pages follow]

First American Loan Production Services
First American Real Estate Solutions LLC
FAI.PS# IOBALLMOD-6 Rev. 06-18-08

Page 6 of 8