

You're on your way toward an affordable mortgage payment.

To accept our offer, make your first payment today.

Beaumont, CA 92223

January 29, 2011

Loan Number: [REDACTED]

Dear [REDACTED]

We are pleased to tell you that you are approved to enter into a trial period plan under the Home Affordable Modification Program. This is the next step toward qualifying for more affordable and sustainable mortgage payments. Please read this letter so that you understand all the steps you need to take to permanently modify your mortgage, starting with your first trial payment. Remember, there are no fees associated with this program.

What you need to do

To accept this offer you must make new monthly "trial period payments" in place of your normal monthly mortgage payment. Send in your monthly trial period payments—instead of your normal monthly mortgage payments—as follows:

1st payment	\$1,389.47	by 03/01/11
2nd payment	\$1,389.47	by 04/01/11
3rd payment	\$1,389.47	by 05/01/11



Payment coupons are included in this package if you wish to send your payment in the mail, or you can call us at 1.800.669.6650 and we can deduct your payment directly from your checking account. There are no fees to make your payment by phone.

If you do not make each trial period payment in the month in which it is due, your loan will not be modified under the Home Affordable Modification Program. Please also note that your existing loan requirements remain in effect and unchanged during the trial period.

If you successfully make all of your Trial Period Plan payments, complete housing counseling (as explained on the enclosed page entitled "Housing Counseling") and return any additional documents that may be required, you may receive a Modification Agreement defining your loan modification terms that must be signed, notarized and returned to us. At that time, your modification will be officially permanent.

If you have any questions, if you cannot afford the trial period payments shown above but want to remain in your home, or if you have decided to leave your home but still want to avoid foreclosure, please call us at 1.800.669.6650:

Monday - Thursday 8 a.m. - 12 midnight Eastern
Friday 8 a.m. - 10 p.m. Eastern
Saturday 8 a.m. - 8 p.m. Eastern
Sunday 3 p.m. - midnight Eastern

We are glad you have been accepted into a trial period plan with the Home Affordable Modification Program. Start it today by making your first payment.

Home Loan Team
BAC Home Loans Servicing, LP

Bank of America  Home Loans

FREQUENTLY ASKED QUESTIONS

Get the answers you need to some of the most common questions.

Q. **What else should I know about this offer?**

- If you make your new payments on time each month, we will not conduct a foreclosure sale.
- You will not be charged any fees for this Trial Period Plan or final modification.
- If your mortgage is modified under this program, we will waive all unpaid late charges.
- Staying current on your payments is the best way to maintain your credit score. However, by entering into a modification, your credit score may be negatively impacted. Your loan will be reported as paying under a partial payment plan during the trial plan, and as modified if you enter into a final modification agreement. Credit scores are determined by the credit bureaus and are not controlled directly by Bank of America beyond our commitment to accurately report the status of all our customers. Visit ftc.gov/bcp/edu/pubs/consumer/credit/cre24.shtm for more information about your credit score.
- You may be required to attend credit counseling.

Q. **Why is there a trial period?**

The trial period offers you immediate payment relief. Making all of your payments during this trial period will demonstrate that you can afford the modified payments and that they work within your budget. Note: This is only a temporary Trial Period Plan. Your existing loan requirements remain in effect and unchanged during the trial period and you will continue to receive monthly statements that will show the payment amount based on your original home loan agreement. However, please pay the new trial period payment amount instead of your original payment amount.

Q. **How was my new payment in the trial period determined?**

Your trial period payment is approximately 31% of your total gross monthly income, which your financial documents indicate is \$4,482.17. The new payment includes principal and interest and an escrow amount of \$632.39 to pay property taxes, insurance and other permissible escrow fees. If we were able to modify your loan today, based on the information you gave us, we estimate your modified interest rate would be 2.000%. If we modify your loan permanently after the trial period, the interest rate may be different due to a variety of factors that affect the terms of your final modification.

If you did not have an escrow account before, the timing of your tax and insurance bills may require that you make a payment to cover any such bills when they come due. This is known as an escrow shortage. Your loan has an escrow shortage of \$639.92; this can either be paid in a lump sum when the loan is modified or over the next 5 years (or 60 months). If you wish to pay the total shortage as a lump sum, please contact us.

Q. **When will I know if my loan can be modified permanently and how will the modified loan balance be determined?**

If you make all of your Trial Period Plan payments on time, return any additional documents that we may require, and agree to participate in housing counseling as described on the enclosed page entitled "Housing Counseling", you may receive a modification agreement detailing the terms of the modified loan. Any difference between the amount of the Trial Period Plan payments and your regular home loan payments will be added to the balance of your loan along with any other past due amounts as permitted by your loan documents. While this will increase the total amount that you owe, it should not significantly change the amount of your modified mortgage payment as that is determined based on your total monthly gross income, not your loan balance.

Q. **What happens to my trial period payments if I do not comply with the terms of the Trial Period Plan?**

Your trial period payments will be applied to your existing loan according to the terms of your loan documents.

FREQUENTLY ASKED QUESTIONS

Get the answers you need to some of the most common questions.

- Q. Are there incentives that I may qualify for if I am current with my new payments?**
If your loan is modified, you can earn a pay-for-success incentive for every month that you make on-time payments beginning with the trial period payments. Depending on your modified monthly payment, you may accrue up to \$1,000 each year for five years for a total of \$5,000. This important benefit, which will be applied to your principal balance each year after the anniversary date of your first trial period payment due date, will help you earn equity in your home by reducing the amount that you owe. However, you must remain current on your loan. You will lose this benefit if your modified loan becomes 90 days past due at any time during this five year period. If you lose this benefit, you will lose all accrued, unapplied incentive payments.
- Q. Will my interest rate and principal and interest payment be fixed after my loan is permanently modified?**
If your loan is modified, your interest rate and monthly principal and interest payment will be fixed for the life of your loan unless your initial modified interest rate is below current market interest rates. In that case, the below market interest rate will be fixed for five years. At the end of the fifth year, your interest rate may increase by 1% per year until it reaches a cap. The cap will equal the market rate of interest being charged by mortgage lenders on the day your modification agreement is prepared (the Freddie Mac Primary Mortgage Market Survey Rate for 30-year, fixed-rate conforming mortgages). Once your interest rate reaches the cap it will be fixed for the remaining life of your loan. Like your trial period payment, your new monthly payment will also include an escrow for property taxes, hazard insurance and other escrowed expenses. If the cost of your homeowners insurance, property tax assessment or other escrowed expenses changes, your monthly payment will change as well.
- Q. How low can my interest rate go?**
Your interest rate may be reduced to as low as 2%. If necessary, to achieve a payment that you can afford, it will only be reduced to a point sufficient to reach a modified payment equal to 31% of your gross monthly income (your income before taxes). (of all borrowers will need a rate reduction to 2% to achieve a monthly mortgage payment that is affordable.
- Q. What happens if that is not enough to get to an affordable payment?**
If a 2% interest rate does not result in a payment that is affordable (no more than 31% of your gross monthly income), we may:
- Extend the payment term or maturity date of your loan up to 40 years from the effective date of your permanent modification. If your loan is not eligible for an extension of the payment term, your payment may be calculated over a longer period of time, but your maturity date will remain the same. This may result in a balloon – or lump sum – payment which is due when you pay off your loan, refinance, or sell your home.
 - Defer a portion of the principal amount you owe until the maturity of the loan. This is called principal forbearance. This deferred amount will not accrue interest and must be repaid when you pay off your loan, refinance, or sell your home. ??
 - Forgive a portion of the principal amount you owe before and/or after we take any of the other steps mentioned above.
- Q. Could I end up with a balloon payment?**
Yes. If principal forbearance (see definition above) is required to achieve an affordable monthly mortgage payment, the principal forbearance amount would not be part of the interest-bearing, unpaid principal balance on your loan, but you would still be responsible for the balance. That amount would constitute a balloon payment that does not accrue interest and is not due until you pay off your loan, refinance or sell your home. In addition, if your loan term cannot be extended, but your payment is calculated over a longer term, there will be additional principal owed when you pay off your loan, refinance, or sell your home.

FREQUENTLY ASKED QUESTIONS

Get the answers you need to some of the most common questions.

- Q. What happens if I am unable to make payments during the trial period?**
If you are unable to make each payment in the month in which it is due, you will not be eligible for a modification under the Home Affordable Modification Program. However, you may be eligible for other foreclosure-prevention options.
- Q. Is housing counseling required for a modification under the Home Affordable Modification Program?**
Borrowers whose payments are past due are strongly encouraged to contact a housing counselor approved by the U.S. Department of Housing and Urban Development (HUD) to help them understand all of their options and to create a workable budget plan. These services offered by HUD-approved housing counselors are free. Housing counseling is required for borrowers whose total monthly debts are very high in relation to their income (equal to or more than 55% of their gross monthly income). If counseling is required for you, a page entitled "Housing Counseling" will be included in this package. If this page is not included, counseling is not required.
- Q. How will a modification of my loan affect the Mortgage Insurance on my loan?**
Mortgage Insurance (MI) is typically required on loans for which the original loan amount is greater than 80% of the original value of the property. MI coverage protects lenders and investors against a financial loss when borrowers default.

If you did not already have MI on your loan before the modification, you will not be required to obtain it as a result of the modification. If you currently have MI and the modified principal balance of your loan exceeds the original principal balance, your MI premiums may increase, causing your payment to increase. Furthermore, the date that you may request cancellation of the MI may change. For loans on single-family primary residences, federal law allows you to request that MI be canceled on either:

- the date the principal balance on your loan is scheduled to reach 80% of the original value of the property, or
- the date the principal balance is reduced to 80% of the original value of the property based on actual payments.

- Q. Are there additional resources where I can find information about the Home Affordable Modification Program?**
Call the Homeowner's HOPE™ Hotline at 1.888.995.HOPE (4673). This Hotline can help with questions about the program and offers access to free HUD-certified counseling services in English and Spanish.
- Q. What if I am aware of fraud, waste, mismanagement or misrepresentations affiliated with the Troubled Asset Relief Program?**

You may contact SIGTARP online at sig tarp.gov, via email at Sig tarp.hotline@do.treas.gov, or toll free at 1.877.SIG.2009. Mail can be sent to: Office of the Special Inspector General for Troubled Asset Relief Program Hotline at 1500 Pennsylvania Avenue NW, Suite 1064, Washington, DC 20220.

888-995-HOPE™
Homeowner's HOPE™ Hotline



IMPORTANT PROGRAM INFO

Join the Home Affordable Modification program.

Additional Trial Period Plan Information and Legal Notices

The terms of your trial period plan below are effective on the day you make your first trial period payment, provided you have paid it on or before March 1, 2011. You and we agree that:

We will not proceed to foreclosure sale during the trial period, provided you are complying with the terms of the trial period plan, except as detailed below:

- During the trial period, any pending foreclosure action or proceeding will not be dismissed and may be immediately resumed if you fail to comply with the terms of the trial period plan. A new notice of default, notice of intent to accelerate, notice of acceleration, or similar notice will not be necessary to continue the foreclosure action (foreclosure notices). You waive any and all rights to receive such foreclosure notices to the extent permitted by applicable law. However, if your property is located in Georgia, Hawaii, Missouri, or Virginia and a foreclosure sale is currently scheduled, the foreclosure sale will not be suspended and foreclosure may proceed if you do not make each and every trial period payment that is due through the end of the month preceding the month in which the foreclosure sale is scheduled to occur. For example, if a foreclosure sale is scheduled in February and you do not make your January and any earlier required trial period payment by the end of January, the foreclosure sale may proceed in these four states. If a foreclosure occurs pursuant to this provision, the trial period plan will be deemed to have terminated.

During the trial period, we may accept and post your trial period payments to your account and it will not affect foreclosure proceedings that have already been started.

- The servicer's acceptance and posting of your new payment during the trial period will not be deemed a waiver of the acceleration of your loan or foreclosure action and related activities, and shall not constitute a cure of your default under your loan unless such payments are sufficient to completely cure your entire default under your loan.

If your previous monthly payment did not include escrows for taxes and insurance, your new trial period plan now requires an escrow account.

- You agree that any prior waiver that allowed you to pay directly for taxes and insurance is revoked. You agree to establish an escrow account and to pay required escrows into that account.

Your current loan documents remain in effect; however, you may make the trial period payment instead of the payment required under your loan documents:

- You agree that all terms and provisions of your current mortgage note and mortgage security instrument remain in full force and effect and you will comply with those terms; and that nothing in the trial period plan shall be understood or construed to be a satisfaction or release in whole or in part of the obligations contained in the loan documents.

IMPORTANT PROGRAM INFO

the Home Affordable Modification program.

Housing Counseling

When you applied for a loan modification under the Housing Affordable Modification Program, we analyzed your monthly debts, including the amount you will owe on the new mortgage payment after it is modified, as well as payments on a second mortgage, car loans, credit cards or child support. Since the sum of all of these recurring monthly expenses is equal to or more than 55% of your gross monthly income, you must agree to participate in housing counseling provided by a housing counselor approved by the U.S. Department of Housing and Urban Development (HUD) as a condition of receiving a modification under the Home Affordable Modification Program. **This counseling is provided at no cost to you.**

Counselors will work with you to create a household budget and develop an action plan to reduce your household debts. Your housing counselor will also provide you support during the loan modification process.

Your may choose from the two available housing counseling options:

- Select a HUD-approved housing counseling agency by going to: <http://www.hud.gov/offices/hsg/sfh/hcc/fo/>. The available agencies are listed by state and can provide you with in-person counseling or counseling by phone.
- Or, select counseling by phone through the HOPE Hotline by calling 1.888.995.HOPE. This is an on-demand counseling service that is available 24 hours a day/7 days a week. The HOPE Hotline is available in English or Spanish (other languages are available on request).

Which ever option you select, the housing counseling services will be **FREE** to you, it is your **responsibility** to contact one of these counseling agencies. Also, it is a requirement in order to receive your loan modification.

THE LAW OFFICES OF
MICHAEL GADDIS