

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

To accept our offer,
make your first payment today.

[REDACTED]
Oceanside, CA 92057

Loan Number: [REDACTED]

February 8, 2011

Dear [REDACTED]

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

What you need to do

You must make new monthly Trial Period Plan payments in place of your normal monthly mortgage payment. Each payment must be made in the exact amount of your Trial Period Plan payment. **Send in your monthly Trial Period Plan payments — instead of your normal monthly mortgage payments — as follows:**

1st payment: \$1,471.67	by 03/01/11
2nd payment: \$1,471.67	by 04/01/11
3rd payment: \$1,471.67	by 05/01/11

Payment coupons are included in this package if you wish to send your payment in the mail. You can also call us at 1.888.325.6431 and we can deduct your payment directly from your checking account. There are no fees to make your payment by phone during your trial period.


Making timely payments during this trial period will demonstrate that you can afford the modified payments and that they work within your budget. Again, each payment must be made in the exact amount of your Trial Period Plan payment. If you do not make each Trial Period Plan 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 cannot afford the Trial Period Plan 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 1.888.325.6431 Monday - Friday from 8 a.m. - 10 p.m. Eastern and Saturday from 10 a.m. - 5 p.m. Eastern, as we may be able to help you. Additionally, please visit bankofamerica.com/homeloanhelp for more information.

We are glad you have been accepted into a Trial Period Plan with the Home Affordable Modification Program. Start today by making your first payment.

Home Loan Team
BAC Home Loans Servicing, LP

Bank of America  **Home Loans**

P.S. We want to help you stay in your home – begin making your Trial Period Plan payments today.

Attachments: (1) Frequently Asked Questions, (2) Additional Trial Period Plan Information and Legal Notices, (3) Housing Counseling, (4) Payment Coupons

BAC Home Loans Servicing, LP is required by law to inform you that this communication is from a debt collector. However, the purpose of this communication is to let you know about your potential eligibility for a loan modification program that may help you bring or keep your loan current through more affordable payments.

Mortgages funded and administered by an Equal Housing Lender.
Protect your personal information before displaying this account.



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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.
- Entering into a Trial Period Plan for a loan modification or accepting a permanent loan modification can affect your credit score. The actual effect will depend on a variety of factors. Visit ftc.gov/bcp/edu/pubs/consumer/credit/cre24.shtm for more information about your credit score and how to improve it.
- 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 Plan 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 \$4,747.35. The new payment includes principal and interest and an escrow amount of \$218.81 to pay property taxes, insurance and other permissible escrow fees. If we are able to modify your loan today, based on the information you gave us, we estimate your modified interest rate would be 4.068%. 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 \$410.32; 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, agree to participate in housing counseling as described on the enclosed page entitled "Housing Counseling", and your loan continues to meet the eligibility requirements set forth for the Home Affordable Modification Program, you may receive a modification agreement explaining 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 Plan payments if I do not comply with the terms of the trial period?

Your Trial Period Plan payments will be applied to your existing loan according to the terms of your loan documents.

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 Plan 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

contain different terms. The key terms of your permanent modification agreement will be designed to provide you with affordable monthly mortgage payments.

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.

Q. What happens if I am unable to make payments during the trial period?

If you are unable to make each Trial Period Plan 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 is typically required on loans for which the original loan amount is greater than 80% of the original value of the property. Mortgage insurance coverage protects lenders and investors against a financial loss when borrowers default.

If you did not already have mortgage insurance on your loan before the modification, you will not be required to obtain it as a result of the modification. If you currently have mortgage insurance, and the modified principal balance changes as a result of the modification, your mortgage insurance premiums may change as well. Furthermore, the date that you may request cancellation of the mortgage insurance may change. For loans on single-family primary residences, federal law allows you to request that mortgage insurance 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. What happens if I have a Borrowers Protection Plan®?

If you have a Borrowers Protection Plan with your mortgage under your original loan documents, and you complete this Trial Period Plan and receive a Modification Agreement, your Borrowers Protection Plan will remain on your mortgage, as modified in accordance with the Modification Agreement, and will continue to be governed by the terms of your Borrowers Protection Plan Addendum, unless you notify BAC Home Loans Servicing, LP of your request to cancel. You may cancel your Borrowers Protection Plan at any time. If you notify BAC Home Loans Servicing, LP of your request to cancel your Borrowers Protection Plan within 60 days from the date the Modification Agreement becomes effective (the "Modification Effective Date"), you will receive a refund of any Borrowers Protection Plan fees you pay with respect to any period after the date the Modification Effective Date.

important benefit, which will be applied to your principal balance each year after the anniversary date of your first Trial Period Plan 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 Plan 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 will you achieve an affordable payment?

There are several different ways we may modify the terms of your loan to reach an affordable payment. The specific terms of your modification will be set forth in your modification agreement, but the modifications to your existing loan may include one or more of the following to achieve a modified payment equal to 31% of your gross monthly income:

- Your loan may be brought current by capitalizing past due amounts. This means we may add past due interest, servicing expenses paid to third parties and taxes and insurance which may have been paid on your behalf to your principal. Unpaid late fees will be waived at the time of modification.
- We may forgive a portion of your principal up front or offer you an interest-free forbearance of principal that may be forgiven in annual increments over a period not to exceed five years, if you remain in good standing. Good Standing means your loan does not become 90 days or more past due and other conditions are met. Principal forbearance delays the repayment of principal until the loan is paid off through sale or refinancing. However, the amount we are forbearing may be forgiven. Please note: there may be tax implications to this forgiveness. You may want to consult a tax professional regarding your individual tax situation.
- Your interest rate may be reduced to as low as 2%, if necessary, to achieve a payment that you can afford. Each borrower's interest rate will only be reduced to a point sufficient to reach a modified payment equal to 31% of the borrower's gross monthly income. Not all borrowers will need a rate reduction to 2% to achieve a monthly mortgage payment that is affordable.
- Your loan payments may be recalculated over a longer period even though the maturity date will not change. This will help lower your monthly payments, but it will result in your having a lump sum payment (known as a balloon payment) which will continue to accrue interest until you pay off the modified loan.
- We may forbear or defer a portion of your unpaid principal balance. The amounts subject to this forbearance will not accrue interest for the remainder of the life of the loan. At the end of the loan term or at the time the loan is paid off through sale or refinancing, any remaining deferred amount becomes due.
- If you have a pay option arm loan we will eliminate the negative amortization feature on your loan which will allow you to build equity faster. Negative amortization occurred when you chose a monthly payment option which did not cover the interest due on your loan and this payment difference was added to your principal.
- Your permanent modification agreement may not contain all of these terms, or may

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 Plan payment, provided you have paid it on or before March 1, 2011. You and we agree that:

We will not start or advance foreclosure proceedings while your loan is under review for a loan modification.

If your loan was previously referred to foreclosure, we have halted the foreclosure process while we evaluate your loan for a modification. No foreclosure sale will be conducted and you will not lose your home during the evaluation.

- If your loan is eligible for a loan modification and you accept participation in the program, we will continue to halt the foreclosure process as long as you make your required Trial Period Plan payments. If you do not comply with the terms of the Trial Period Plan and do not work with us to find other foreclosure prevention alternatives for which you may qualify, your loan will be serviced according to its original terms, which could include foreclosure.
- If your loan does not qualify for a loan modification or if you do not comply with the terms of the Trial Period Plan, you will be sent a notice that your loan does not qualify. In most cases, you will have 30 days to review the reason for non-approval and contact us to discuss any concerns or other foreclosure prevention alternatives that may be available to you. During this 30-day period (or any longer period required for us to review supplemental material you may provide in response to the non-approval notice), your loan may be referred to foreclosure or we may continue with pending foreclosure action. However, no foreclosure sale will be conducted and you will not lose your home during the review period.



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Do not ignore any foreclosure notices. While you will not lose your home during the loan modification evaluation, to protect your rights under applicable foreclosure law, you may need to respond to foreclosure notices or take other actions. If you have any questions about the foreclosure process and the evaluation of your loan, contact us at 1.888.325.6431

During the trial period, we may accept and post your Trial Period Plan 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 monthly payment did not include escrows for taxes and insurance, you are now required to do so:

- 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 Plan 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.

Housing Counseling

When you applied for a loan modification under the Home 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:

- Visit <http://www.hud.gov/offices/hsg/sfh/hcc/fo/> to select a HUD-approved housing counseling agency. 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).

Whichever 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.

If you have questions about this requirement, please contact us at 1.888.925.5431.



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