



P.O. Box 54285 Irvine, CA 92619-4285
(800) 561-4567

Loan Number [REDACTED]

Loan Modification (30/53.46 Balloon)

As of the date we receive Your signature on this document ("Effective Date"), the terms of Your existing Mortgage loan referenced above and serviced by Carrington Mortgage Services, LLC ("CMS") will be modified for your benefit as described in detail below.

I. DEFINITIONS

- A. "Mortgage" shall mean the mortgage, deed of trust, security deed or other security instrument encumbering the Property and corresponding to the above CMS Loan Number, dated 06/29/07 and recorded in the public records of RIVERSIDE County.
- B. "Note" shall mean the note or other instrument of the same date and secured by the Mortgage.
- C. "Balloon Payment" is a final payment of the then outstanding principal balance plus all earned interest remaining unpaid on the Maturity Date.
- D. "Property" shall mean the real and personal property described in the Mortgage and located at:

[REDACTED]
TEMECULA CA 92592

- E. "You" shall mean the mortgagor(s)/borrower(s) on the Mortgage.

II. TERMS AND CONDITIONS

- A. The Note and the Security Instrument are modified to increase the principal balance of the Note by the amount of your arrears on the Note including past due interest, past due escrow items and servicing costs. The new principal balance due under Your modified Note and the Mortgage is \$497508.47. Upon modification, Your account will become contractually current; however, any fees and charges that were not included in the principal balance will remain Your responsibility and must be paid.
- B. Upon Modification, the annual rate of interest charged on the unpaid principal balance of Your loan is 4.00000%. This rate will remain fixed for five (5) years from the Effective Date, after which your loan will resume the normal adjustment schedule outlined in the terms of the original Note. If Your loan was originated as a fixed rate loan the interest rate will revert to the fixed rate specified in the Note.
- C. Nothing herein shall be construed to modify, alter or otherwise change the Maturity Date of Your loan. The Maturity Date of Your loan remains 08/2037.
- D. You will make Your monthly payments on the 1st day of each month beginning on 02/01/11. Your new monthly principal and interest payment will be \$1918.93, which is lower than your previous monthly principal and interest payment of \$2629.05. You will make your new principal and interest payments every month until You have paid in full all of the principal and interest and any other charges described below that You may owe under this Loan Modification. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before principal. The monthly payment is calculated using a fifty three point forty six (53.46)-year amortization period but the actual loan term of the Note is thirty (30) years. If You still owe amounts under the Note on the Maturity Date, as a result of the 23.46-year difference between the 53.46-year amortization period and the 30-year term of the Note, a large Balloon Payment shall become due and payable by You on the Maturity Date.
- E. The modified loan will NOT be escrowed for the payment of taxes and/or insurance. Any payments due for the taxes and insurance will be Your responsibility in addition to the payments of principal and interest required under the terms of this modification. Please Note: Your loan currently carries lender-placed hazard insurance at a monthly premium of \$0.00. THIS



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AMOUNT IS PART OF YOUR TOTAL MONTHLY PAYMENT, AND THE FAILURE TO REMIT SUCH PAYMENT IS A BREACH OF YOUR MORTGAGE AGREEMENT. YOU MAY BE ABLE TO OBTAIN HAZARD INSURANCE COVERAGE ON YOUR OWN AT A REDUCED RATE. If you have already secured separate hazard insurance coverage, please contact us immediately so that we can discontinue the lender-placed policy.

- F. You will comply with all other covenants, agreements and requirements of Your Mortgage, including without limitation, the covenants and agreements to make all payments of taxes, insurance premiums, assessments, escrow items, impounds and all other payments that You are obligated to make under the Mortgage, except as otherwise provided herein.
- G. In consideration for receiving the benefits of a decreased interest rate and monthly principal and interest payment You understand and agree that:
1. All of the rights and remedies, stipulations and conditions relating to default in the making of payments under the Mortgage will also apply to default in the making of the modified payments hereunder.
 2. All covenants, agreements, stipulations and conditions in Your Note and Mortgage will remain in full force and effect, except as modified herein, and none of Your obligations or liabilities under Your Note and Mortgage will be diminished or released by any provisions hereof, nor will this Loan Modification in any way impair, diminish, or affect any of CMS's rights under or remedies on Your Note and Mortgage, whether such rights or remedies arise thereunder or by operation of law. All rights of recourse to which CMS is entitled against any property or any other persons in any way obligated for, or liable on, Your Note and Mortgage are expressly reserved by CMS.
- THE LAW OFFICES OF**
I hereby consent and warrant that You occupy the Property as Your residence.
MICHAEL GADDIS
Any charges incurred in connection with the servicing of Your loan that may legally be charged to Your account, but have not been charged to Your account as of the Effective Date above, may be charged to Your account after the Effective Date.
3. Nothing in this Loan Modification will be understood or construed to be a satisfaction or release, in whole or in part, of Your Note and Mortgage.
 4. You will make and execute such other documents or papers as may be necessary or required to effectuate the terms and conditions of this Loan Modification which, if approved and accepted by CMS, will bind and inure to Your heirs, executors, administrators and assigns.
 5. This Loan Modification is legally binding, enforceable in accordance with its terms and affects Your rights.
 6. By signing below, You are agreeing to be bound by the terms of the Loan Modification.
 7. You have the opportunity to obtain independent legal counsel concerning this Loan Modification being made for Your benefit and to refuse the terms and conditions of this Loan Modification by contacting CMS at (888) 267-2419. You may also contact CMS at this number if You have any questions regarding this communication.

