

HELPING YOU STAY IN YOUR HOME.


MAKING HOME AFFORDABLE

EMC
Mortgage®

A BRAND OF FLORIDA CHASE BANK, N.A.

EMC MORTGAGE
 710 S ASH ST, STE 200
 GLENDALE, CO 80246-1989

**You may be able to make your payments more affordable!
 Call (800) 723-3004 for Immediate Assistance.**

SEPTEMBER 22, 2011

[REDACTED]
 [REDACTED]
 OCEANSIDE, CALIFORNIA 92054

Loan Number [REDACTED]

Dear [REDACTED]

Congratulations! You are approved to enter into a trial period plan under the Home Affordable Modification Program. This is the first step toward qualifying for more affordable mortgage payments. Please read this letter so that you understand all the steps you need to take to modify your mortgage payments.

What you need to do...

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

1st payment: \$9,782.41 by 31/01/2011
 2nd payment: \$1,782.41 by 12/01/2011
 3rd payment: \$1,782.41 by 01/01/2012

MICHAEL GADDIS

After all trial period payments are timely made and you continue to meet all program eligibility requirements, your mortgage would then be permanently modified. You will be required to execute a permanent mortgage modification agreement that we will send you before your modification becomes effective. Until then, your existing loan and loan requirements remain in effect and unchanged during the trial period. **If each trial payment is not received by us in the month in which is due, this offer will end, your loan will not be modified under the Making Home Affordable program, and you may lose eligibility for any modification programs.**

If you have any questions or 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 (800) 723-3004 as we may be able to help you. (Also, please review the attached "Frequently Asked Questions")

Sincerely,

EMC MORTGAGE

Attachments: (1) Frequently Asked Questions; (2) Additional Trial Period Plan Information and Legal Notices; (3) Payment Coupons with Envelopes; (4) Fraud (SIGTARP) Notice;

The Making Home Affordable Program was created to help millions of homeowners refinance or modify their mortgages. As part of this program, we — your mortgage servicer — and the Federal Government are working to offer you options to help you stay in your home.



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 trial payments timely, **we will not conduct a foreclosure sale.**
- You will not be charged any fees for this Trial Period Plan or permanent modification.
- If your loan is modified, we will waive all unpaid late charges.
- Your credit score may be affected by accepting a trial period plan or modification. The impact of a permanent modification on a credit score depends on the homeowner's entire credit profile. For more information about your credit score, go to <http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre24.shtm>.
- You may be required to attend credit counseling.

Q. Why is there a trial period?

The trial period offers you immediate payment relief (and could prevent a foreclosure sale). It also gives you time to make sure you can manage the lower monthly mortgage payment. Note: This is only a temporary Trial Period Plan. Your existing loan and loan requirements remain in effect and unchanged during the trial period.

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

Your trial period payment is approximately 31% of your total gross monthly income. During your trial period the interest rate on your loan will remain unchanged. If we were able to permanently modify your loan today, we estimate your initial modified interest rate would be 6.750%. Your final modified interest rate may be different due to a variety of factors.

Q. Will I be required to have an escrow account?

The terms of your Trial Period Plan and your Modification Agreement will require us to establish an escrow account if your loan does not already have one and to set aside a portion of your new monthly payment in this escrow account for payment of your property taxes, insurance premiums and other required charges as they become due. Please note that your escrow payment amount will adjust if your taxes, insurance premiums and/or assessment amounts change, so the amount of your monthly payment that we must place in escrow will also adjust as permitted by law. This means that your monthly payment may change after the Modification Agreement becomes effective.

Due to the timing of your tax and insurance payments, or the effect of prior unpaid advances that we have made from your escrow account that we cannot add to your loan balance, there may be a shortage of funds in your escrow account at the end of the trial period. If we notify you that a shortage exists, you must pay this amount in accordance with the Home Affordable Modification Program Guidelines, your loan documents, and applicable law, which may include requiring repayment over a 60 month period. If you wish to pay all or any portion of the shortage in a lump sum prior to the time the final modification becomes effective, please contact us. If you currently have lender-placed hazard or flood insurance on your property, you should consider obtaining your own insurance, which will likely be more affordable.

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

Once we confirm you are still eligible for a Home Affordable Modification and you make all of your trial period payments on time, we will send you a modification agreement detailing the terms of the modified loan. Any difference between the amount of the trial period payments and your regular mortgage 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.



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?

Once 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 completely if your modified loan loses good standing, which means that it becomes 90 days delinquent at any time during this five year period. If you lose this benefit, you will lose all accrued, unapplied incentive payments.

In addition, once your loan is permanently modified, you will be eligible to earn additional incentives in the form of principal forgiveness over time in the total estimated amount of \$179,600.00. This is a special incentive offered as part of the Home Affordable Modification Program. This amount will initially be part of your new modified principal balance, but will not accrue interest (i.e. will be non-interest bearing). If your loan remains in good standing, just like the pay for success incentives mentioned above, we will permanently forgive 1/3 of this amount each year on the anniversary date of your first trial period payment due date for three years. The final amount of your principal balance that will qualify for this forgiveness incentive will be determined at the time of your final modification. NOTE: Principal forgiveness may have tax consequences. We will report the amount we forgive to the IRS, so you should speak to your tax advisor on how this affects your current circumstances. Please contact us at (800) 723-3004 if you do not want principal forgiveness, we may have other modification options for you.

Q. Will my interest rate and principal and interest payment be fixed after my loan is permanently modified?

Once your loan is modified, your interest rate and monthly principal and interest payment will be fixed for the life of your mortgage 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. 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 increases, your monthly payment will increase as well.

Q. What if I have other questions about Home Affordable Modification that cannot be answered by my mortgage servicer?

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.

888-995-HOPE™
Homeowner's HOPE Hotline

Q. What if I am aware of fraud, waste, mismanagement or misrepresentations affiliated with the Troubled Asset Relief Program?

Please contact SIGTARP at 1.877.SIG.2009 (toll-free), 202.622.4559 (fax) or www.sig tarp.gov and provide them with your name, our name as your servicer, your property address, loan number and reason for escalation. Mail can be sent to: Hotline Office of the Special Inspector General for Troubled Asset Relief Program, 1801 L Street NW, Washington, DC 20220.



IMPORTANT PROGRAM INFO

Here's additional information you need to know about 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 **November 01, 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 that has been suspended may be immediately resumed if you are notified in writing that you failed to comply with the terms of the trial period plan or do not qualify for a permanent modification. 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.
- You agree that the servicer will hold the trial period payments in an account until sufficient funds are in the account to pay your oldest delinquent monthly payment. You also agree that the servicer will not pay your interest on the amounts held in the account. If any money is left in this account at the end of the trial period plan, those funds will be deducted from amounts that would otherwise be added to your modified principal balance.
- 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 will be required to do so once your loan is permanently modified:

- We estimate that your final modified monthly payment will include an initial escrow payment of \$274.25 per month. This amount might vary at the time of the final modification due to changes in principal and disbursements during the trial period, refunds or adjustments to the escrow account, or if we pay unexpected bills on your behalf. This escrow amount will also change over time with changes in your property taxes and insurance obligations.
- 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 should 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 during the trial period 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.

An important reminder for all our customers: As stated in the "Questions and Answers for Borrowers about the Homeowner Affordability and Stability Plan" distributed by the Obama Administration, "Borrowers should beware of any organization that attempts to charge a fee for housing counseling or modification of a delinquent loan, especially if they require a fee in advance." EMC MORTGAGE offers loan modification assistance free of charge (i.e., no modification fee required).

We are a debt collector.

If you are represented by an attorney, please refer this letter to your attorney and provide us with the attorney's name, address, and telephone number.

To the extent your original obligation was discharged, or is subject to an automatic stay of bankruptcy under Title 11 of the United States Code, this notice is for compliance and/or informational purposes only and does not constitute an attempt to collect a debt or to impose personal liability for such obligation.

