

Investor Loan # [REDACTED]

**HOME AFFORDABLE MODIFICATION PROGRAM
LOAN WORKOUT PLAN
(Step One of Two-Step Documentation Process)**

Loan Workout Plan Effective Date: 08/01/2010

Borrower ("I"): [REDACTED] and [REDACTED]

Lender ("Lender"): GMAC Mortgage, LLC

Date of first lien Security Instrument ("Mortgage") and Note ("Note"): 07/12/2005

Loan Number: [REDACTED]

Property Address ("Property"): [REDACTED] RAMONA CA 92085

If I am in compliance with this Loan Workout Plan (the "Plan") and my representations in Section 1 continue to be true in all material respects, then the Lender and/or Servicer may provide me with a Loan Modification Agreement ("Modification Agreement"), as set forth in Section 3, that would amend and supplement (1) the Mortgage on the Property, and (2) the Note secured by the Mortgage. The Mortgage and Note together, as they may previously have been amended, are referred to as the "Loan Documents." Capitalized terms used in this Plan and not defined have the meaning given to them in the Loan Documents.

If I have not already done so, I am providing confirmation of the reasons I cannot afford my mortgage payment and documents to permit verification of all of my income (except that I understand that I am not required to disclose any child support or alimony unless I wish to have such income considered) to determine whether I qualify for the offer described in this Plan (the "Offer"). I understand that the Lender will execute the trial plan or will send me written notice that I do not qualify for the Offer. If I am approved for a permanent modification, I understand I will be sent a permanent modification document detailing the terms of the modification.

1. **My Representations.** I hereby represent, understand and agree

- THE LAW OFFICES OF
MICHAEL GADDIS
- A. I am unable to afford my mortgage payments for the reasons indicated in my Hardship Affidavit and as a result, (i) I am either in default or being in default under the Loan Documents in the near future, and (ii) I do not have access to sufficient liquid assets to make the monthly mortgage payments now or in the near future;
 - B. I live in the Property as my principal residence, and the Property has not been condemned;
 - C. There has been no change in the ownership of the Property since I signed the Loan Documents;
 - D. I am providing or already have provided documentation for all income that I receive (except that I understand that I am not required to disclose any child support or alimony that I receive, unless I wish to have such income considered to qualify for the Offer);
 - E. Under penalty of perjury, all documents and information I have provided to Lender pursuant to this Plan, including the documents and information regarding my eligibility for the program, are true and correct; and
 - F. If Lender requires me to obtain credit counseling, I will do so.
 - G. If I was discharged in a Chapter 7 bankruptcy proceeding subsequent to the execution of the Loan Documents, Lender agrees that I will not have personal liability on the debt pursuant to this Plan.

2. **The Loan Workout Plan.** On each of the following due dates, I will pay the Lender the amount set forth below ("Trial Period Payment"), which includes payment for Escrow Items (where not prohibited by law), including real estate taxes, insurance premiums and other fees, if any, of \$415.70.

1.	08/01/2010	\$2,136.23
2.	09/01/2010	\$2,136.23
3.	10/01/2010	\$2,136.23

The Trial Period Payment is an estimate of the payment that will be required under the modified loan terms, which will be finalized in accordance with Section 3 below.

¹ If there is more than one Borrower or Mortgagor executing this document, each is referred to as "I". For purposes of this document words signifying the singular (such as "I") shall include the plural (such as "we") and vice versa where appropriate.

During the period (the "Trial Period") commencing on the date of this Plan and ending on the earlier of: (i) the first day of the month following the month in which the last Trial Period Payment is due (the "Modification Effective Date") or (ii) termination of this Plan, I understand and acknowledge that:

- A. TIME IS OF THE ESSENCE under this Plan;
- B. Except as set forth in Section 2.C. below, the Lender will suspend any scheduled foreclosure sale, provided I continue to meet the obligations under this Plan, but any pending foreclosure action will not be dismissed and may be immediately resumed from the point at which it was suspended if this Plan terminates, and no new notice of default, notice of intent to accelerate, notice of acceleration, or similar notice will be necessary to continue the foreclosure action, all rights to such notices being hereby waived unless prohibited by law; However, I may continue to receive foreclosure/eviction notices-delivered by mail or in person - or I may see steps being taken to proceed with the foreclosure of my home. While I may not lose my home during the HAMP evaluation, to protect my rights under applicable foreclosure law, I may need to respond to these foreclosure notices or take other actions. If I do not understand the legal consequences of the foreclosure, I understand that I am encouraged to speak to an attorney or a housing counselor for assistance.
- C. If my property is located in Georgia, Hawaii, Missouri, or Virginia and a foreclosure sale is currently scheduled, the foreclosure sale will not be suspended and the Lender may foreclose if I have not made each and every Trial Period Payment that is due before the scheduled foreclosure sale. If a foreclosure sale occurs pursuant to this Section 2.C., this agreement shall be deemed terminated;
- D. The Lender will hold the payments received during the Trial Period in a non-interest bearing account until they total an amount that is enough to pay my oldest delinquent monthly payment in full. If there is any remaining money after such payment is applied, such remaining funds will be held by the Lender and not posted to my account until they total an amount that is enough to pay the next oldest delinquent monthly payment in full.
- E. When the Lender accepts and posts a payment during the Trial Period it will be without prejudice to, and will not be deemed a waiver of, the acceleration of the loan or foreclosure action and related activities and shall not constitute a cure of my default under the Loan Documents unless such payments are sufficient to completely cure the default under the Loan Documents and are not prohibited by law;
- F. If prior to the Modification Effective Date, I have not made the Trial Period payments required under Section 2 of this Plan or if the Lender determines that my representations in Section 1 are no longer true and correct, the Loan Documents will not be modified and this Plan will terminate. In this event, the Lender will have all of the rights and remedies provided by the Loan Documents, and any payment I make under this Plan shall be applied to amounts I owe under the Loan Documents and shall not be refunded to me and
- G. I understand that this Plan is not a modification of the Loan Documents and that the Loan Documents will not be modified unless and until I meet all of the conditions required for modification, and the Modification Effective Date has passed. I further understand and agree that the Lender will not be obligated or bound to make any modification of the Loan Documents if I fail to meet any one of the requirements under this Plan.

3. **The Modification.** I understand that once Lender is able to determine the final amounts of unpaid interest and any other delinquent amounts (except late charges) to be added to my loan balance and after deducting from my loan balance any remaining money held at the end of the Trial Period under Section 2.D. above, the Lender will determine the new payment amount. If I comply with the requirements in Section 2 and my representations in Section 1 continue to be true in all material respects, the Lender may send me a Modification Agreement for my signature which will modify my Loan Documents as necessary to reflect this new estimated payment amount and waive any unpaid late charges accrued to date. Upon execution of a Modification Agreement by the Lender and me, this Plan shall terminate and the Loan Documents, as modified by the Modification Agreement, shall govern the terms between the Lender and me for the remaining term of the loan.

4. **Additional Agreements.** I agree to the following:

- A. That, unless a borrower or co-borrower is deceased, all persons who signed the Loan Documents have agreed to this Plan.
- B. To comply, except to the extent that they are modified by this Plan, with all covenants, agreements, and requirements of Loan Documents, including my agreement to make all payments of taxes, insurance premiums, assessments, Escrow Items, impounds, and all other payments, the amount of which may change periodically over the term of my loan (unless prohibited by law).
- C. That this Plan constitutes notice that the Lender waiver as to payment of Escrow Items, if any, has been revoked, and I have been advised of the amount needed to fully fund my Escrow Account, unless prohibited by law.
- D. That all terms and provisions of the Loan Documents remain in full force and effect; nothing in this 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. The Lender and I will be bound by, and will comply with, all of the terms and provisions of the Loan Documents.

Receipt of payment matching the terms of this agreement constitute acceptance of this offer.

How was my Workout Plan payment determined?

Your Workout Plan payment is approximately 31% of your total gross monthly income. The terms of your Workout Plan require us to create an escrow account (where not prohibited by law) for payment of your property taxes, insurance premiums and other permissible escrow. Your current loan may already have an escrow account. If it does not, the previous Waiver of Escrows is cancelled under this new Workout Plan.

Could my Workout Plan payment be more than my current payment?

Possibly. For example, if your current payment does not include an escrow payment and you are now required to make monthly escrow payments, your Workout Plan payment could be higher than your current payment. However, the increase in your payment will be offset by no longer having to pay taxes and insurance bills yourself, as we will pay those on your behalf from your new escrow account.

What happens to my Workout Plan payments if I do not comply with the terms of the Workout Plan?

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

Will a foreclosure occur if I participate in the Home Affordable Modification Program?

As long as you comply with the terms of the Trial Plan, we will not continue with foreclosure proceedings or conduct a foreclosure sale if foreclosure proceedings have started. If you do not qualify for HAMP, or if you fail to comply with the terms of the Trial Period Plan, you will be sent a Non-Approval Notice. In most cases, you will have 30 days to review the reason for non-approval and contact us in writing to discuss any concerns you may have. During this 30-day review period, we may continue with the pending foreclosure action, but a foreclosure sale may not be conducted and you may not lose your home.

How will this affect my credit?

We are required to report factual information to the credit agencies; therefore, if your account is past due at the time you enter into the Workout Plan, we will report that your account is past due to the credit bureaus.

If your account is current at the time you enter into this Workout Plan and you successfully complete the plan which leads to a permanent modification, there will be no negative impact to your credit report. However, if you do not successfully complete the plan, or be permanently modified, normal credit reporting will continue.

How long will it take to process my modification request and determine if I qualify for the program?

Based on the information you have provided we have successfully qualified you for the Workout Plan. If you provide all documentation requested on page three of this letter, if applicable, and make payments as required we will re-evaluate your qualifications after we receive your final Workout Plan payment. You will be notified of our final decision within 20 days of receipt of your final Workout Plan payment.

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

Once your loan is permanently 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 the 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.

Will the escrow portion of my payment change?

If the cost of your homeowner's insurance, property tax assessment or other escrow expenses increases, your monthly payment will increase as well.

During the establishment of the escrow account any outstanding premiums due for property taxes or insurance were advanced and paid on your behalf. This would create an escrow shortage. If a shortage exists on the account, it will be factored into your payment after the Workout Plan is complete.

Are there incentives that I may qualify for if I am current with my new payments?

Once your loan is modified, you may qualify for a pay-for-success incentive for every month that you make on-time payments beginning with the Workout Plan payments. If the Workout Plan reduces your monthly mortgage payment (including principal, interest, property taxes, hazard insurance, flood insurance, condominium association fees and homeowner's association fees, as applicable, but excluding mortgage insurance) by a minimum of six (6%) percent and you make timely monthly mortgage payments, you will be eligible to receive a monthly benefit. Depending on your modified monthly payment, you may accumulate 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 Workout 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 important benefit if your modified mortgage becomes 90 days past due.