



Capital One, N.A.  
P.O. BOX 21887  
Eagan, MN 55121  
Office Hours: Mon - Fri, 8 a.m. to 5 p.m., Central Time

June 21, 2013



[REDACTED]  
[REDACTED]  
[REDACTED] LA CRESTA DR  
QUAIL VALLEY CA 92587

Loan #: [REDACTED]  
Property Address: [REDACTED] La Cresta Dr  
Quail Valley CA 92587

Dear [REDACTED]

**Congratulations!** You are approved to enter into a trial period plan under the Capital One 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 new monthly "trial period payments" in place of your normal monthly mortgage payment. Please note that if you are currently enrolled in ACH (Automated Clearing House), your enrollment will be terminated and you will be responsible for making the aforementioned trial payments via other methods. You may re-enroll at your discretion by requesting and completing all applicable forms. Your modified monthly trial period payments should be made as follows:

1st payment: \$923.74 by 08/01/13  
2nd payment: \$923.74 by 09/01/13  
3rd payment: \$923.74 by 10/01/13

After all trial period payments are timely made and you have submitted all the required documents, your mortgage would then be permanently modified. (Your existing loan and loan requirements remain in effect and unchanged during the trial period.) **If each payment is not received by Capital One, N.A. in the month in which it is due, this offer will end and your loan will not be modified.**

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 **1.877.230.8516**, as we may be able to help you. Additionally, please review the attached "Frequently Asked Questions" and "Additional Trial Period Plan Information."

Sincerely,

[REDACTED]  
Loss Mitigation Specialist  
1-877-230-8516 Ext. [REDACTED]

Account Manager  
1-877-230-8516 Ext.

A26

- **Monthly Payments**<sup>1</sup>

**Cashflow Option ARM Borrowers:** If you have a cashflow option ARM, the existing terms of your Loan provide for an interest rate that may adjust monthly and for payment options that allow you to make a Minimum Payment, as defined in your Note, that is less than the amount of interest accrued monthly (the difference between the Minimum Payment amount and the monthly interest was added to your unpaid principal subject to a specific limit above your original Loan amount).<sup>2</sup> The modification will eliminate the monthly adjustment to your interest rate and the Minimum Payment and/or Interest Only payment options.

**Semi-Annual ARM Borrowers:** If you have a semi-annual ARM, the existing terms of your Loan provide for an interest rate and monthly payment that may be fixed for either three or five years, after which the interest rate and monthly payments may adjust every six months. The modification will eliminate the semi-annual adjustment to your interest rate and any interest only payment provision that may have been included in your existing Loan terms.

**Hybrid ARM Borrowers:** If you have a hybrid ARM, the existing terms of your Loan provide for an interest rate that may remain fixed for a period of three, five, seven, or ten years, after which the interest rate and monthly payments may adjust every 12 months. Your minimum monthly payments may be either interest only payments for a specific period of time during the Loan term or fully-amortizing payments. The modification will eliminate the annual adjustment to your interest rate and any interest only payment provision that may have been included in your existing Loan terms.

**For all ARM Borrowers:** Under the modified terms of your Loan, all of your monthly payments will be fully-amortizing payments consisting of both principal and interest. Your monthly payment will be based upon the Modified Interest Rate and your outstanding Loan balance at the time of modification and will be in an amount sufficient to repay the outstanding balance in substantially equal payments by the end of the Loan term. If your Modified Interest Rate is less than the Interest Rate Cap, your monthly payment will change only when your interest rate steps up by one percentage point, as described in the Interest Rate section above.

**Q. What will happen to any assessed late fees on my account?**

If you fulfill all of the preconditions of your modification and successfully complete your trial plan, we will waive all unpaid late charges at the time the modification is finalized.

**Q. How will this affect the term of my loan?**

To reduce your monthly payments and reach the DTI Ratio, we may extend your Loan term and re-amortize your Loan. Any such term extension will be addressed in your Modification Agreement.

**Q. Will there be any Principal Forgiveness?**

The modification will not include any forgiveness of all or part of the principal amount of your Loan.

However, If a reduction in your interest rate and an extension of your Loan term has not successfully resulted in a monthly payment for you so that the DTI Ratio is met, then, to further reduce your monthly payments and reach the DTI Ratio, we may defer collection of and not charge interest on a portion of your outstanding principal balance. This means that your monthly payments of principal and interest will not cover any of this deferred amount. Instead, the deferred principal will be due when you pay off your modified Loan through a sale or transfer of your interest in the property securing your Loan, when you refinance your Loan, at the time your last scheduled payment is due, or in the event you default under the terms of the Loan.

<sup>1</sup> Any payments you have made under the existing terms of your Loan prior to the effective date of the modification will not be refunded or re-applied to your account.

<sup>2</sup> Unlike the terms of your cashflow option ARM Loan prior to the effective date of the modification, at no time after modification will your minimum monthly payment be less than the fully-amortizing payment. You will not be able to add accrued and unpaid interest to the principal amount of your Loan after the effective date of the modification.

**Q. What if I have an escrow shortage?**

Depending on the timing of your tax and insurance payments, there could be a shortage of funds in your escrow account. If a shortage occurs, you may either re-pay the shortage in equal installments over a period of up to 60 months, or you may pay the total shortage up-front as a lump sum payment. You will receive an escrow account statement that will advise you if there is an escrow account shortage and the amount of the shortage.

**Q. What if I have a prepayment penalty?**

The terms of your Loan currently may require you to pay a penalty when the Loan is prepaid under certain conditions explained in the Prepayment Penalty Addendum to the Note. The modification will eliminate this prepayment penalty. These changes will allow you to pay the Loan principal at any time before it is due without penalty for early prepayment.

**Q. How will this affect my credit?**

Until the Modification Agreement is signed and in effect, any Loan payments that are past due or become past due will be reported as such to the credit reporting agencies. Once the modification of your Loan is finalized and in effect, however, we will only report your Loan as delinquent if you do not make your modified Loan payments in a timely manner.

**Q. Where can I get help with my other debt?**

If you have high levels of debt, you are encouraged to obtain credit counseling. Credit counseling is available free of charge from the Housing and Urban Development (<http://www.hud.gov>) and through various not-for-profit organizations. A list of not-for-profit credit counselors is available on the HUD website.



PO Box 21887  
Eagan, MN 55121-0887

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June 21, 2013



[REDACTED]

[REDACTED]

[REDACTED] LA Cresta Dr  
Quail Valley, CA 92587

RE: Loan No. [REDACTED]

Property: [REDACTED] La Cresta Dr  
Quail Valley CA 92587

Dear Mortgagor(s):

As part of the Capital One Modification Program, Capital One, N.A. ("Capital One") will be offering borrower incentives on the final modification program (note that incentives do not apply to the modification trial period.) You can earn the right to receive a performance incentive for payments made during the first five years following execution of the agreement. The incentive payments are conditioned on the following:

Your account is fewer than 3 payments delinquent as of each anniversary date (the annual review of your account is based on your final modification date). If your mortgage loan is 3 or more payments delinquent as of each anniversary date, you will not receive incentive payments for the previous 12 months.

The performance incentive payment will be applied as a principle balance reduction and the payment will be applied annually for each of the first five years after execution of the modification agreement, in the amount of \$1,000. This payment will be applied towards reducing the interest-bearing unpaid principal balance. If you are ineligible on any anniversary date to receive the performance incentive, you will still be eligible to receive incentive payments in the following years as long as your loan is fewer than 3 payments delinquent on the corresponding anniversary date.

These payments will be applied to your account within 60 days of your anniversary date, if eligible. Performance incentive will not be applied towards any delinquent payments.

If you choose to participate in the borrower incentive portion of the Capital One Modification Program please sign below to opt in and fax or mail this document to my attention at:

Capital One, N.A.  
P.O. Box 21887  
Eagan, MN 55121

Fax: 866-247-6402

This document must be received by 08.21.13. If you do not sign and return this document stating that you choose to opt-in, you will not be eligible for the performance incentive.

If you decide that you do not want to participate in the pay for performance incentive you will still be eligible for the modification. If you opt in and decide at a later date that you no longer want to receive this incentive, please call us at 1-800-933-9100, option 2, to request the opt-out form.

The pay for performance incentive may have legal and/or tax implications; therefore, you may want to consult a tax or legal advisor.



We appreciate this opportunity to serve your home financing needs. Thank you for being a customer of Capital One, N.A. Should you have any questions or comments concerning this matter, please contact me at 1-877-230-8516, extension .

Sincerely,

Loss Mitigation  
Mortgage Loan Servicing

~~Capital One Modification Incentive Opt-in Request~~  
Re: Loan Number ~~XXXXXXXXXX~~

I/we, the undersigned borrowers, elect to opt-in for the borrower incentive pay that is associated with the Capital One Modification Program. I/we understand that I/we may elect to opt-out at any time after this election to top-in is made, by requesting and returning the incentive pay out-out form.

~~XXXXXXXXXX~~  
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