

### Loan Modification Proposal

July, 08/2009

RE: Bill

Loan #:

Address:

Years In Property: 4

We are proposing the following Loan Modification Terms for your favorable consideration:

First Mortgage	Current	Proposed
Loan type:	Conventional - ARM	Conventional-Conforming
Principal:	\$920,000.00	\$700,000.00
Term (months):	360	480
Interest Rate (APR):	6.125%	2.260%
Front-End DTI:	55.79%	31.00%
Back-End DTI:	96.34%	71.55%

The proposed Loan Modification would create a payment structure that we will be able to meet in order to remain in our home. Being displaced from our home would create emotional devastation and further hardship for our family.

**Current Situation:**

		Conventional ARM / Term: 360 months / 6.125%	
Monthly Gross Income:	Deductions & Expenses:	Monthly House Payment:	Monthly Cash Flow:
\$10,000.00	\$4,055.00	Int.+Taxes+Ins.: \$883.00	\$366.17
		1st Mortgage: \$4,695.83	
		2nd Mortgage: \$0.00	
		<b>Total PITI: \$5,578.83</b>	

**Proposed Budget & Loan Modification:**

		Conventional-Conforming / Term: 480 months / 2.260%	
Monthly Gross Income:	Deductions & Expenses:	Monthly House Payment:	Monthly Residual Cash Flow:
\$10,000.00	\$4,055.00	Int.+Taxes+Ins.: \$883.00	\$2,845.23
		1st Mortgage: \$2,216.77	
		2nd Mortgage: \$0.00	
		<b>Total PITI: \$3,099.77</b>	
	Monthly Savings of	<b>Reduction</b>	<b>\$2,479.06</b>

The proposed modification would create a new monthly payment of: **\$3,099.77**

The modified payment and budget combined creates a monthly residual cash flow of: **\$2,845.23**

Based upon the information presented throughout, the requested loan modification and reduced monthly payment creates a situation that we could meet the monthly payment obligation and remain in our home.

**Proposed Loan Modification vs Lender Foreclosure**

Current Market Value:	\$700,000.00	Equity Surplus/Deficit:	\$-220,000.00
Balance of First Mortgage:	\$920,000.00	Current LTV:	131.42%

**Cost of Foreclosure Analysis:**

(Est. months in arrears at time of REO sale)	13
PITI (Per month \$5578.83):	\$72,524.79
Est. Attorney Fees:	\$3,000.00
Estimated Cost to Secure Property:	\$2,000.00
Cost of Repairs:	\$87,000.00
Delinquent Taxes & Liens:	\$7,600.00
<b>Total Foreclosure Costs:</b>	<b>\$152,124.79</b>

\*Foreclosure expenses do not reflect any costs to cure any deferred maintenance.

**Asset Liquidation Analysis:**

Current Market Value:	\$700,000.00
Foreclosure Sale Price (70.00% of CMV):	\$490,000.00
Less Real Estate Commission (5.00%):	\$24,500.00
Less Foreclosure Costs:	\$152,124.79
Sale proceeds to 1st Mortgage Lender:	\$313,375.21
<b>Actual Lender Losses*:</b>	<b>\$606,624.79 †</b>

† Balance of 1st & 2nd Mortgage less actual sale proceeds to Lender.

† Lender losses do not reflect any costs to cure any deferred maintenance.

The net loss to the Lender after all foreclosure expenses and a "would-be" REO sale would be: **\$606,624.79**