LOAN DISPOSITION ANALYSIS

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ANALYSIS FOR BORROWER(s): NAME REMOVED
NAME REMOVED

MORTGAGE OWNER: Private

SERVICER: OCWEN LOAN SERVICING

GUIDELINE/ANALYTICAL MODELS & CODE VERSIONS APPLIED IN THIS REPORT/ANALYSIS

Real Estate Services and Technology's Loan Workout Options & Analytics v.1109a

Custom HAMP Eligibility & Net Present Value (NPV) Model version 4.3a

Report Version 4.0c Last Revision: 09/18/2011

REPORT SECTIONS

This is a brief description of the various sections presented in this report.
(Add-on Reports are optional and may , or may not, be included.)

LOAN DISPOSITION ANALYSIS - OVERVIEW / APPROACH
Outlines the typical Investor/Servicer Loss Mitigation Strategies and Disposition Hierarchy. Describes the Loan Modification Options, Short Sale Alternatives and Foreclosure Analytics contained in the report

INFORMATION SUBMITTED FOR ANALYSIS
Lists all of the Borrower, Property, Loan, Delinquency and Hardship Information submitted for analysis.

SUMMARY OF FINDINGS
Provides a recap of the report analytics, listing key data points and findings for all of the Eligible and Ineligible Loan Disposition Options considered.

VARIOUS CALCULATION ASSUMPTIONS & SUPPORTING INFORMATION
Provides information about some of the key factors used in the various analytical models including the Borrower's Financial Information, the HAMP NPV Model calculations, and sources for the Estimated Property Valuation(s).

HAMP LOAN MODIFICATION ANALYSIS
Checks the eligibility of the submitted information for HAMP modifications. Performs the HAMP Standard Waterfall and HAMP Principal Reduction Alternative (PRA) models as applicable. Determines the proposed modification terms. Calculates all Net Present Values (NPV's) per model requirements.

ADDITIONAL LOAN MODIFICATION OPTIONS CONSIDERED
Evaluates the data using various non-HAMP modification options. These models provide additional loan restructuring alternatives.

SHORT SALE ALTERNATIVE (HAFA)
The submitted information is evaluated for the Home Affordable Foreclosure Alternative (HAFA) Short Sale Option. This section provides an overview of the Short Sale Process and presents qualifying HAFA Short Sale Terms including Minimum Acceptable Net Proceeds, Allowable Transaction Costs, etc.

FORECLOSURE NPV COMPARISONS
Throughout the analysis, the Net Present Values (NPV) of the various Loan Disposition Options are compared to the projected NPV's of the loan not being modified, defaulting and proceeding into foreclosure. This section provides more insight into the Foreclosure projections and various NPV calculations.

AFFORDABLE MORTGAGE PAYMENT ANALYSIS (ADD-ON REPORT)
This report provides a high-level 'worksheet' that shows the borrower's pertinent income and expense information/ratios and derives various Unpaid Principal Balance (UPB), Interest Rate and Loan Term permutations that the borrower can afford.

EPV / NPV BREAK-EVEN ANALYSIS (ADD-ON REPORT)
The EPV/NPV Break-Even Analysis collects Estimated Property Values from multiple sources and then, using HAMP's program guidelines and assumptions, determines the Property Value (if any) at which the NPV of a HAMP-eligible Loan Modification would swing from Positive to Negative when compared to the NPV without the proposed modification.

TITLE SEARCH (ADD-ON REPORT)
Provides a comprehensive Title Search on the Subject Property, identifying Chain of Title, Voluntary/Involuntary Liens, etc. (Used primarily for Short Sale or Litigation efforts)

LOAN DISPOSITION ANALYSIS - OVERVIEW / APPROACH

TYPICAL LOAN DISPOSITION HIERARCHY

Ideally Investors/Servicers follow the following Loss Mitigation Strategies:

1. Collect All Funds if possible
Any resolution that achieves the collection of all funds and/or arrearages due provides the best possible outcome for the investor/servicer. A Loan Reinstatement is preferred over any Repay to Cure option since it brings the borrower current on the loan much faster.

2. Capture the Maximum Amount of Funds Due Over Time
There are various Repayment Plans, including Loan Modifications, Repayments to Disposition, Repayments to Defer and Repayments to Review to ultimately bring the borrower current.

3. Disposition of the Asset
If no Reinstatement, Loan Modification, Refinance or Repayment plans are possible, the remaining options might include a Short Sale, Deed-in-Lieu and/or a Recommendation to Foreclosure.

LOAN DISPOSITION ANALYSIS - APPROACH

When evaluating the borrower(s)' situation and the potential loan disposition options listed above, it is important to strike a balance between what an Investor's/Servicer's interests might be (the anticipated Net Present Values) and the borrower(s)' projected capacity to afford and perform on any existing or modified loan.

The Treasury Department has developed standards/guidelines under its Home Affordable Modification Program (HAMP) that govern the way Investors/Servicers should evaluate and qualify borrowers whose loans are in default. Investors and Servicers usually also have their own internal loan modification alternatives.

This Loan Disposition Analysis therefore takes the following approach:

1. Evaluates the data for the HAMP Standard Program and the HAMP Principal Reduction Alternative
2. Evaluates additional Loan Modification Alternatives for reasonable Loan Modification Terms and Rates
3. Presents a Short Sale Alternative (using HAFA guidelines)
4. Provides the NPV projections and comparisons for all options considered

DERIVING vs VALIDATING

The analytics used in this report do not just VALIDATE potential loan terms submitted by a user to see if they fall within acceptable program ranges. These analytics are very unique and powerful because they DERIVE the optimal qualifying scenario for each model, given the submitted data and specific program guidelines.

INFORMATION SUBMITTED FOR ANALYSIS

Data Collection Date: 10/31/2011

Submitted By: RestReport.com

BORROWER INFORMATION

Borrower: REMOVED

Borrower FICO: 0

Monthly Gross Income: $11,738.00

Co-Borrower: REMOVED

Co-Borrower FICO: 0

All Monthly Expenses (excluding this loan): $32,351.61

DELINQUENCY STATUS, HARDSHIP & MOTIVATION

Delinquency Classification: 120+ Days Delinquent

Current Months Past Due: 22

Delinquent Interest: $139,014.51

Delinquent Fees: $0.00

Borrower Intent: Undecided

Reason for Default: Curtailment of income

Max Months Past Due (Last 12 Months): 12

Escrow/Advances: $275.50

Previously Modified Under HAMP: false

PROPERTY INFO

Address: ADDRESS REMOVED in Arcadia, CA 91006

Property Type: Single Family Residence

User Supplied Property Value: $0.00

Property Occupied: Yes

Property Usage: Primary Residence

Property Condition: Good

LOAN INFO

Loan Product Before Modification: Fixed Rate

Note Date (Origination Date): 8/1/2006

Original Loan Amount: $740,711.57

Original Term (in Months): 360

Mortgage Type: Conventional wo PMI

First Payment Date at Origination: 9/1/2006

Original Interest Rate: 8.750%

LTV at Origination: 78.00%

Next Rate Reset Date (if any):

Note Reset Rate: 0.000%

Current Unpaid Balance: $728,793.06

Current Monthly P&I Payment: $5,487.14

Current Interest Rate: 8.750%

Monthly MI Premium: $0.00

Monthly Hazard & Flood Insurance: $101.92

Monthly Real Estate Taxes: $856.73

Monthly HOA Dues: $0.00

SUMMARY OF FINDINGS

CURRENT LOAN TERMS

			UPB	Term	Rate	Monthly Payment			
			$728,793	298	8.750 %	$6,002.93			

LOAN MODIFICATION OPTIONS

QUALIFYING

Workout Option	Forgiven Principal	Forborne Principal	New UPB	New Term	New Rate	New Payment	NPV MOD	NPV NO MOD DEFAULT	NPV NO MOD
HAMP Standard	$0	$0	$867,808	465	2.000 %	$2,683.39	$478,715	$444,929	$451,884
HAMP PRA	$177,808	$0	$690,000	336	2.000 %	$2,683.63	$483,632	$444,929	$451,884
FlexMod Rate/Term	$0	$0	$867,808	465	2.000 %	$2,683.39	$474,109	$444,929	$451,884
FlexMod Term/Rate	$0	$0	$867,808	480	2.125 %	$2,685.38	$474,737	$444,929	$451,884

INELIGIBLE

Workout Model	Workout Option	Failure Reasons

(Since loan disposition alternatives can fail for a variety of often interdependent reasons, not ALL of the failure reasons may be listed above.)

SHORT SALE OPTION

The following Short Sale Terms would be compliant with current HAFA Short Sale Guidelines and/or are indicative of Short Sale Pricing/Agreements commonly executed in the industry today:

- The Property's Estimated Current Market Value is **$600,000.00**
- The contracted Sales Price for the Short Sale should not be less than **$519,060**
- The Net Proceeds to the servicer at closing should not be less than **$483,060**

Failure Reasons (if any)

FORECLOSURE

- The Projected Foreclosure Time and REO Hold Time is about: **23 months** (from Last Paid Date)
- The Projected Disposition Date is around: **April, 2012**
- The Projected Home Price on the Disposition Date is: **$598,620** (**99.77 %** of the Estimated Current Market Value)
- The projected NPV of the loan Not being Modified (NO MOD), taking into consideration both the probabilities of Curing (becoming current and making regular payments) and Defaulting/Proceeding to Foreclosure is: **$451,883.57** (This is the NPV that HAMP typically compares to the NPV's of the Loan Modification Options.)
- If one assumes that if the loan is not modified that it will definitely result in a Foreclosure (Probability of Foreclosure is **100%** and the Probability of Cure is **0%**), the more accurate NPV to use for the Foreclosure NPV is the NO MOD DEFAULT scenario: **$444,929.29**

VARIOUS CALCULATION ASSUMPTIONS & SUPPORTING INFORMATION

■ THE SUBMITTED INFORMATION

The information submitted for this analysis was not independently verified. If FICO score(s) were not supplied, the proxy credit score of 557 was utilized (per HAMP guidelines). To enhance data integrity, the Current Principal and Interest Payment was (re) calculated using the submitted loan terms (UPB, Interest Rate, Term, Reset Date and Reset Rate) and was used throughout this analysis instead of the provided Current Monthly Payment figure.

■ HAMP MODELS

The Treasury's most recent/complete HAMP NPV Models are currently only to be made available to participating/certified HAMP servicers. For this reason, the models used in this analysis may include some minor variations. Although these analytics therefore use a proprietary model, based on the input provided, the Loan Modification Terms proposed in this report will still fall within the allowable tolerances of the strictest HAMP guidelines and NPV calculations.

The following variables delineate some of the back-end factors/values that were used, or may have been adjusted, for the calculations in this specific analysis: The AVM Model/Valuation used (GSE vs Third-Party Sourced or User-Supplied), REO Discounts that are applied to the AVM Values, FHFA Historical and Projected Home Price Index, Foreclosure & REO Disposition Timelines & Costs, Home Price Decline Protection Incentive Matrix and certain aspects of the Probabilities of Default.

■ NO MOD DEFAULT NPV FOR FORECLOSURE PROJECTIONS

According to the HAMP model, one typically compares the NPV of the Loan Modification (MOD NPV) to the NPV of the loan not being modified (NO MOD NPV). The NO MOD NPV is a combination of the loan curing (NO MOD CURE NPV) and the loan defaulting/going into foreclosure (NO MOD DEFAULT NPV).

This is most applicable when the servicer is evaluating the loan for potential loan MOD and NO MOD scenarios.

However, if the borrower is already delinquent and has a financial hardship that prevents him from making the required payments that would enable the loan to cure, it is almost certain that the loan will proceed into foreclosure. The NO MOD DEFAULT NPV is therefore a much more valid projection of the foreclosure scenario and is presented alongside the typical NO MOD NPV throughout this analysis.

■ INVESTOR DISCOUNT RATE RISK PREMIUM **0.000 %**

Freddie Mac's Primary Mortgage Market Survey (PMMS) rate (as of the report's analysis date) is used for the NPV calculations unless a user provides a PMMS override value. Since servicers can also specify a discount rate risk premium greater than the PMMS rate for non-GSE loans, if an investor discount rate risk premium is provided it is also factored in along with the appropriate PMMS rate or the user-supplied PMMS override value. (The PMMS rate used in this report was **4.000 %**)

■ PROPERTY VALUATION(s)

The Estimated Property Value is a key component used in all of the models and analytics contained in this report. Real Estate Services and Technology, by default, routinely obtains a Third Party Automated Valuation(s) to determine the property’s market value. (A copy of a corresponding AVM Report, or an Estimated Property Value / NPV Break-Even Report, should accompany this analysis.) Please refer to the following section for more information about the specific Third-Party Automated Valuation(s) utilized.

Users may also submit their own Estimated Property Value to be used in the analysis. If submitted, the User-Supplied Value will over-ride the Third-Party Automated Valuation(s) that were obtained.

Property Value Provided by Third Party: $600,000.00 **User Supplied Property Value (Over-ride): $0.00**

INFORMATION ABOUT THE AVM USED FOR THIS ANALYSIS

The AVM vendor used in this Analysis to determine the property's current market value was: **NREIS**

National Real Estate Information Services (NREIS) conducts nationwide tests of all the AVMs that they offer in order to determine which AVMs perform best in each geographic area. They then use a geographically based cascading approach. Geographic cascading means that there are many cascades set up behind the scenes. Which cascade is utilized is based on the geographic location of the property being evaluated. For example, in California the orders may cascade through VeroValue, then ValueSure, then CASA until a report is returned. In Ohio, the order may be completely different (perhaps a ValueSure, ValuePoint4 or i-Val property evaluation). The best performing AVM in each geographic area is ordered first. If it cannot return a valuation on the property with a high enough confidence score, the second best model in the area is ordered, and so on.

Provider	Model	Definition
Fidelity	ValueSure	ValueSure™ utilizes more than 20 years of historical property data and sales information from more than 1,100 U. S. Counties, and data from 85 percent of property ownership records nationwide, resulting in superior geographic coverage and data depth. Data, including appraisal information from Lender's Service, INC (LSI), and public record information from FIS Data Services property database, is used to develop ValueSure™ estimates. ValueSure™ information is updated continuously, giving you the most up-to-date data at all times.
Fidelity	SiteXValue	SiteX Value Reports are based on information from the FNIS/LexisNexis database. The database is compiled from tax assessor, deed and mortgage data from over 1,200 counties, representing more than 80 percent of the nation's property ownership records. SiteXValue incorporates a dynamic multi-discipline hybrid that uses five different models in its calculations. It also features built-in review algorithms to help assure accurate estimates.
First American	HPA (Home Price Analyzer)	HPA is a hybrid automated valuation utilizing Hedonic, Location Based, and Index Based valuation methods. HPA searches from over 200 million historical residential sales.
First American	PASS (Property Analytical and Statistical Summation)	HPA is a hybrid automated valuation utilizing Hedonic, Location Based, and Index Based valuation methods. HPA searches from over 200 million historical residential sales.
First American	VP4 (ValuePoint4)	ValuePoint 4 is a hybrid model utilizing the hedonic valuation method, repeat sales indexes, and a patented neural net technology which adapts to changing market conditions.
First American	PB6 (PowerBase 6)	PowerBASE 6 combines the power of two proprietary engines (HPA and PASS) to simultaneously calculate a more accurate and reliable property valuation.
Fiserv	CASA	CASA leverages multiple, market-specific analytic approaches to quickly deliver objective and reliable home values in real time.
Real-Info	i-Val	The i-Val Report takes advantage of the Real-Info database through a rules-based, expert systems model to instantly arrive at a predicted market value for a particular residential property using indexed and hedonic methodologies.
Real-Info	realAssessment	A retrospective version of the realAssessment AVM. The report utilizes comparables available as of a user specified date in the past and provides an estimated value as of that date.
TransUnion	CMV (Collateral Market Value)	Collateral Market Value applies cutting-edge analytics, geo-statistical formulas, and advanced algorithms combined with multiple data sources to provide fast, accurate property valuations nationwide.
Veros	VeroVALUE	VeroVALUE is a neural network model combining multiple advanced predictive technologies. Reports include an estimated value, a valuation range, the tax assessor's indication of value where appropriate, subject property information, and comparable sales. This valuation tool is a “blended model” that draws upon a combination of hedonic, index, and various hybrid valuation methodologies. The valuation method is backed by predictive technologies including Neural Network, Linear and Non-Linear Regression, Econometric and Statistical Non-Regression-Based Time Trend, Data Mining, Statistical Discrete and Statistical Fuzzy Clustering, Probabilistic, Bayesian, and Optimization approaches and utilizes more than fifteen different proprietary valuation methods on any given subject property.

ELIGIBILITY CHECKLIST FOR THE HOME AFFORDABLE MODIFICATION PROGRAM(S)

The Checklist for Getting Started and Participating in HAMP for Non-GSE loans (as outlined in the Fannie Making Home Affordable Program published 8/13/2009) outlines the steps to be followed when considering the borrower(s) as potential candidates for HAMP and other government programs.

An Initial Review of the Borrower(s)' Financial Condition has been conducted and their eligibility for a Home Affordable Modification Program (HAMP) has been evaluated based on the information provided. The checklist and analysis results are outlined below.

1. CHECK THE BORROWER(s)' DEFAULT SITUATION

Borrowers can qualify for HAMP if they are already in default or if they are current on their mortgage obligations and claim an eligible finanical hardship. 'Current' Borrowers who wish to apply for HAMP should be screened for imminent default using industry standards. Some eligible financial hardships include:

- Insufficient income
- An increase in living expenses
- Excessive monthly debt obligations/payments and/or overextension with creditors
- Changes in overall household financial circumstances
- Lack of sufficient cash reserves to make mortgage payments & pay for basic living expenses

2. CHECK BASIC HAMP QUALIFYING REQUIREMENTS

The submitted information was analyzed to determine whether the loan and borrower(s)' information met additional HAMP qualifying requirements:

Origination Date Check	Loan must have been originated on or before 1/1/2009. This loan was originated on 08/01/2006.	***Pass***
First Payment Date Check	Loan First Payment Date must be on or before 03/01/2009. The First Payment Date is 09/01/2006.	***Pass***
Property Type Check	Property Type 'Single Family Residence' is eligible.	***Pass***
UPB Limit Check	UPB of $728,793.06 is within the UPB limit of $729,750.00 for the number of units (1) of the current property type 'Single Family Residence'.	***Pass***
Previous HAMP Modification Check	The loan must not have been modified under HAMP previously. This loan has not been previously modified under HAMP.	***Pass***
Residence Check	The property must be occupied and be the primary residence of the borrower. The property is Primary Residence and Occupied.	***Pass***
Property Condition Check	Condemned and/or Inaccessible properties are not eligible for HAMP. The property is 'Good'.	***Pass***
Debt to Income Ratio (DTI) Check	DTI before modification must be greater than the target DTI of 31.00 %. The DTI is 59.31 %.	***Pass***
Borrower Intent Check	Not eligible for HAMP modification if the Borrower Intent is Short Sale or Deed-in-Lieu. The Borrower Intent is 'Undecided'.	***Pass***
Mortgage Type Check	Rural mortgage type not eligible for HAMP. The current mortgage type is ConventionalwoPMI.	***Pass***
Investor Check	Loans with Investor FHLB not eligible for HAMP. The current Investor is Private.	***Pass***
PI Affordability Check	The monthly Taxes, Insurances and Association Dues (TIA) must be less than 31% of the Monthly Gross Income. The TIA is 8.17 % of the Monthly Gross Income.	***Pass***

3. CALCULATE THE TARGET MONTHLY MORTGAGE PAYMENT

In preparing the proposed modification terms we calculated the Target Monthly Mortgage Principal and Interest (P&I) Payment amount by:

- First, multiplying the borrower(s)' monthly gross income of **$11,738.00** by 31%, which results in an initial 'Target Amount' of **$3,638.78** to be made available for ALL monthly mortgage related expenses for the loan.
- Subtracting any Monthly Taxes, Borrower Paid Mortgage Insurance, Home Owner's Association or Condo Dues and Escrow Payments from this amount
- This results in a Final Target Monthly Mortgage Payment of: **$2,680.13**

4. DETERMINE A QUALIFYING RATE, TERM AND PAYMENT - STANDARD WATERFALL APPROACH

The necessary modification steps to achieve the Target Monthly Mortgage P&I Payment Amount were performed in the order listed below – only if needed, to reach the 31% Target Monthly Mortgage Payment without going below the 31% ratio threshhold:

STANDARD WATERFALL STEPS PERFORMED

Step 1 **Capitalization**	First, capitalize any reported accrued arrearages, interest, escrow advances and acceptable servicing advances to third parties, adding them in to obtain a new starting loan balance.	*Performed*	The delinquent interest of $139,014.51 is added to the current unpaid balance of $728,793.06 resulting in a modified balance of $867,807.57.
Step 2 **Rate Reduction**	Reduce the current interest rate in steps of .125% to not less than 2% while using the existing remaining loan term.	*Performed*	The rate is reduced to 2.000 % resulting in a payment of $3,697.27, reducing the DTI to 39.67 %. Further steps in the waterfall are needed to achieve the target DTI of 31%.
Step 3 **Term Extension**	Extend the mortgage term up to 480 months (or greater if the existing loan terms are higher)	*Performed*	Loan Term extended to 465 months resulting in a monthly payment of $2,683.39 and a DTI of 31.03 %. No further steps needed.
Step 4 **Principal Forbearance**	Forbear a portion of the principal (upto the greater of 30% of the capitalized UPB or an amount resulting in a modified interest-bearing balance equal to the estimated property value) into an interest free balloon amount to reach the target DTI.	*N/A*	Target DTI of 31.03 % already achieved through previous modification steps. Forbearance not needed.
Step 5 **Principal Forgiveness**	Forgive a portion of the principal (upto an amount resulting in a modified interest-bearing balance equal to the estimated property value) to reach the target DTI.	*N/A*	Target DTI of 31.03 % already achieved through previous modification steps. Forgiveness not needed.

HAMP STANDARD WATERFALL RESULTS

PROPOSED (QUALIFYING) MODIFICATION TERMS

The Modification Terms proposed below would qualify under the standard HAMP Rate Reduction, Term Extension and Principal Forbearance guidelines listed above.

NEW LOAN BALANCE:	**$867,807.57**
NEW INTEREST RATE:	**2.000 %**
NEW PROPOSED TERM:	**465**
NEW PAYMENT:	**$2,683.39**

5. ADDITIONAL TESTS

In addition to performing the Standard Waterfall Steps listed above, the following tests were also conducted:

► NPV TEST RESULT - Positive

The loan was evaluated using a Net Present Value (NPV) test that compared the expected economic outcome of the loan WITH the proposed loan modification terms to the NPV of the loan WITHOUT the proposed loan modification terms. This is an additional and critical step to determining whether the borrower is eligible under the Home Affordable Modification Program (HAMP), A Positive NPV Test Result means the economic results are expected to be greater WITH a modification than without, in which case the Home Affordable Modification Program (HAMP) must be pursued. When WaterFall Passes and NPV Results are Negative, the servicer needs to seek approval from the Investor before proceeding.

- The projected NPV WITH the proposed Loan Modification (NPV MOD) is: **$478,715.37**
- The projected NPV WITHOUT the proposed Loan Modification (NPV NO MOD) is: **$451,883.57**

► DE MINIMIS TEST RESULT - Pass

The De Minimis Test (primarily used for borrower & servicer performance incentives) indicates if the proposed modification results in at least a 6% reduction in monthly Principal, Interest, Taxes, Insurance & Association Dues.

- The CALCULATED CURRENT P&I monthly payment is: **$6,002.93** . The PITIA payment is: **$6,961.58**
- The PROPOSED P&I monthly payment would be: **$2,683.39** The PITIA payment would be: **$3,642.04**
- This results in a **55.30 %** reduction in the P&I payment and a **47.68 %** reduction in the PITIA payment.

HAMP STANDARD - RESULTS

Result	Forgiven Principal	Forborne Principal	New Balance	New Term	New Rate	New Payment	NPV MOD	NPV NO MOD DEFAULT	NPV NOMOD
Pass	$0	$0	$867,808	465	2.000 %	$2,683.39	$478,715	$444,929	$451,884

Failure Reasons (if any)

HAMP PRINCIPAL REDUCTION ALTERNATIVE (PRA) WATERFALL

ABOUT THE PRINCIPAL REDUCTION ALTERNATIVE (PRA)

The Principal Reduction Alternative (PRA) of the Making Home Affordable (MHA) program provides additional flexibility to offer relief to borrowers whose homes are worth significantly less than the remaining amounts owed on their first lien mortgage.

Servicers are required to simultaneously evaluate the Net Present Values (NPV) of loans with mark-to-market loan to value (MTMLTV) ratios of greater than 115% using both the standard waterfall and a Principal Reduction Alternative (PRA) waterfall.

The primary purpose of the Principal Reduction Alternative (PRA) modification waterfall analysis is to determine whether reducing the principal on a mortgage loan with a mark-to-market LTV ratio greater than 115 percent will produce a positive NPV result (where the NPV of the Loan Modification is greater than the NPV of the loan going into Foreclosure).

Although servicers are only required to *evaluate* loans that are being considered for HAMP with a mark-to-market LTV ratio greater than 115 percent for PRA, servicers may also evaluate loans with a lower mark-to-market LTV ratio using the Principal Reduction Alternative (PRA) modification waterfall.

If the NPV result for the proposed modification generated by applying the Standard Waterfall is positive, servicers *must* modify the loan. If the NPV result for the proposed modification generated by applying the Alternative Waterfall is positive, at the present time, servicers are only *encouraged* but are not *required,* to perform a HAMP loan modification utilizing principal reduction, even in instances where the NPV result from the Standard Waterfall is negative or is less than the NPV result generated by application of the Alternative Waterfall.

Although servicers *may*, forgive principal *either up front* or *on a deferred basis* under the Principal Reduction Alternative to achieve the borrower's affordable monthly mortgage payment ratio, there is no *requirement* for them to forgive any principal under current HAMP guidelines.

NOTE: The Principal Reduction Alternative (PRA) model used in this analysis will evaluate all loans with initial mark-to-market LTV (MTMLTV) ratios of 115% or greater (with Positive OR Negative Standard Waterfall NPV results).

► CHECK FOR BASIC HAMP QUALIFYING REQUIREMENTS

The submitted information was analyzed to determine whether the loan and borrower(s)' information met Basic HAMP qualifying requirements and additional PRA qualifying requirements:

HAMP Eligibility Check	Loan passes all Basic HAMP eligibility checks.	***Pass***
Investor Eligibility Check	Loans owned or guaranteed by GSE's are not eligible for PRA. This loan is owned by Private	***Pass***

► PRA THRESHOLD TEST (FOR MTMLTV of 115% OR GREATER)

The Estimated Property Value used for this analysis (either Third-Party or User-Supplied Override): **$600,000.00**

The pre-modification Unpaid Principal Balance (UPB), including any capitalized amounts, is: **$867,807.57**

The pre-modification mark-to-market LTV ratio is: **144.63 %**

The Principal Reduction Alternative evaluation is ***REQUIRED*** for this loan.

ANALYSIS USING THE PRA MODIFICATION WATERFALL

Under the Alternative Waterfall, servicers need to use Principal Reduction between Step 1 (Capitalization) and Step 2 (Interest Rate Reduction) of the Standard Modification Waterfall.

Step 1 of the STANDARD MODIFICATION WATERFALL – CAPITALIZATION

Take the Current Unpaid Principal Balance (UPB) prior to the modification and add in any interest arrearage, taxes, insurance, HOA amounts, and other capitalized costs. (Servicers may also include escrow advances, out-of-pocket services expenses, but no late fees.)

Based on the information submitted for analysis, the pre-modification UPB (including any capitalized amounts) is: **$867,807.57**

► PRA WATERFALL - Step 1

Reduce the UPB by an amount necessary to either achieve the target monthly mortgage payment ratio of 31% or a MTMLTV ratio equal to 115% - whichever results in the lesser amount of principal reduction. (Servicers *are* allowed to reduce the principal below a 31% Debt to Income (DTI) ratio or below the 115% mark-to-market loan to value (MTMLTV) ratio, however they will not be eligible for any government incentives for principal reductions they offer that bring the MTMLTV below 105%.)

Note: In this Principal Reduction Alternative (PRA) Analysis the principal reduction IS limited to a 31% Debt to Income (DTI) ratio and the strict 115% mark-to-market loan to value (MTMLTV) ratio. Please refer to Real Estate Services and Technology's AFFORDABLE MORTGAGE PAYMENT ANALYSIS for a broader range of Principal Reduction Alternatives (e.g. MTMLTV limits below 115%) and a more detailed presentation of the borrower(s)' target Affordable Mortgage Payment options.

31% DTI CALCULATION
The Borrower(s)' Affordable Mortgage Payment using the 31% DTI ratio calculations is: **$2,680.13**

At the loan's Current Interest Rate of **8.750 %** and the Remaining Term of **298** months, the Principal would have to be lowered by **$542,423.06** to **$325,384.51** to achieve the 31% Affordable Mortgage Payment.

MARK-TO-MARKET LOAN TO VALUE (MTMLTV) CALCULATION (115%)
The Estimated Property Value used for this analysis is: **$600,000.00**

To reach a mark-to-market loan to value (MTMLTV) ratio of 115% with this Estimated Property Value, the principal would have to be reduced by **$177,807.57** to **$690,000.00**

► PRA WATERFALL - Step 1 RESULT:

The principal reduction required to achieve the MTMLTV ratio of 115% is less than the principal reduction required to achieve the DTI ratio of 31%, so the principal reduction considered for this loan will be: **$177,807.57**

ANALYSIS USING THE PRA MODIFICATION WATERFALL (continued)

► PRA WATERFALL (continued)

If the UPB is reduced to create a mark-to-market LTV ratio of 115% and the target monthly mortgage payment ratio has not been achieved (based on a fully amortizing principal and interest payment over the remainder of the current loan term and using the current mortgage interest rate), continue with the standard HAMP modification waterfall steps of interest rate reduction, term extension and principal forbearance, each as necessary, until the target monthly mortgage payment ratio of 31% is achieved.

PRA WATERFALL VARIATIONS

If principal is forgiven in an amount equal to or greater than five percent (5%) of the pre-modification UPB (including any capitalized amounts) servicers will have flexibility in the application of subsequent steps in the alternative modification waterfall to either:

- Elect not to reduce the interest rate all the way down to the two percent interest rate floor before applying a term extension, provided that the servicer must fix the reduced interest rate and treat it as the modified rate for purposes of the Interest Rate Cap;
- Apply term extension before interest rate reduction, provided that, if the interest rate is not reduced, the servicer must fix the existing interest rate and treat it as the modified rate for purposes of the Interest Rate Cap.

Up front principal forgiveness may be granted on a standalone basis or before any step in the standard waterfall process. If principal is forgiven up front, subsequent steps in the standard waterfall may not be skipped. If principal is forgiven either up front or on a deferred basis under PRA and the interest rate is not reduced, the existing rate will be fixed and treated as the modified rate for the purposes of the Interest Rate Cap.

NOTE: In this Analysis, it is assumed that servicers, though they have various PRA Waterfall variations available to them, would most frequently would not exercise any PRA variations.

PRA WATERFALL STEPS PERFORMED

Step 1 **Capitalization**	First, capitalize any reported accrued arrearages, interest, escrow advances and acceptable servicing advances to third parties, adding them in to obtain a new starting loan balance.	***Performed***	The delinquent interest of $139,014.51 is added to the current unpaid balance of $728,793.06 resulting in a modified balance of $867,807.57.
Step 2 **PRA Principal Reduction**	Reduce the UPB by an amount necessary to either achieve the target monthly mortgage payment ratio of 31% or a MTMLTV ratio equal to 115% - whichever results in the lesser amount of principal reduction.	***Performed***	Principal reduced to $867,807.57 by forgiving $177,807.57 to achieve 115 % Mark-to-Market LTV. The resulting payment will be $7,147.97 and DTI will be 69.06 %. Further modification steps needed to achieve the target DTI of 31 %.
Step 3 **Rate Reduction**	Reduce the current interest rate in steps of .125% to not less than 2% while using the existing remaining loan term.	***Performed***	The rate is reduced to 2.000 % resulting in a payment of $2,939.73, reducing the DTI to 33.21 %. Further steps in the waterfall are needed to achieve the target DTI of 31%.
Step 4 **Term Extension**	Extend the mortgage term up to 480 months (or greater if the existing loan terms are higher)	***Performed***	Loan Term extended to 336 months resulting in a monthly payment of $2,683.63 and a target DTI of 31.03 %. Further modification steps will be skipped.
Step 5 **Principal Forbearance**	Forbear a portion of the principal (upto the greater of 30% of the capitalized UPB or an amount resulting in a modified interest-bearing balance equal to the estimated property value) into an interest free balloon amount to reach the target DTI.	***N/A***	Target DTI of 31.03 % already achieved. Principal Forbearance not required.

HAMP PRA WATERFALL RESULTS

PROPOSED (QUALIFYING) MODIFICATION TERMS

The Modification Terms proposed below would qualify under the PRA Waterfall guidelines listed above.

NEW LOAN BALANCE:	**$690,000.00**
NEW INTEREST RATE:	**2.000 %**
NEW PROPOSED TERM:	**336**
NEW PAYMENT:	**$2,683.63**

5. ADDITIONAL TESTS

In addition to performing the Standard Waterfall Steps listed above, the following tests were also conducted:

► NPV TEST RESULT - Positive

The loan was evaluated using a Net Present Value (NPV) test that compared the expected economic outcome of the loan WITH the proposed loan modification terms to the NPV of the loan WITHOUT the proposed loan modification terms. This is an additional and critical step to determining whether the borrower is eligible under the Home Affordable Modification Program (HAMP), A Positive NPV Test Result means the economic results are expected to be greater WITH a modification than without, in which case the Home Affordable Modification Program (HAMP) must be pursued. When WaterFall Passes and NPV Results are Negative, the servicer needs to seek approval from the Investor before proceeding.

- The projected NPV WITH the proposed Loan Modification is: **$483,632.39**
- The projected NPV WITHOUT the proposed Loan Modification is: **$451,883.57**

► DE MINIMIS TEST RESULT - Pass

The De Minimis Test (primarily used for borrower & servicer performance incentives) indicates if the proposed modification results in at least a 6% reduction in monthly Principal, Interest, Taxes, Insurance & Association Dues.

- The CALCULATED CURRENT P&I monthly payment is: **$6,002.93** . The PITIA payment is: **$6,961.58**
- The PROPOSED P&I monthly payment would be: **$2,683.63** The PITIA payment would be: **$3,642.28**
- This results in a **55.29 %** reduction in the P&I payment and a **47.68 %** reduction in the PITIA payment.

HAMP PRA - RESULTS

Result	Forgiven Principal	Forborne Principal	New Balance	New Term	New Rate	New Payment	NPV MOD	NPV NO MOD DEFAULT	NPV NOMOD
Pass	$177,808	$0	$690,000	336	2.000 %	$2,683.63	$483,632	$444,929	$451,884

Failure Reasons (if any)

ADDITIONAL LOAN DISPOSITIONS/MODIFICATION(S) CONSIDERED

In addition to evaluating the submitted borrower/loan information for the Treasury's Home Affordable Modification Program (HAMP) and the Home Affordable Foreclosure Alternative (HAFA) Short Sale, additional loan disposition option(s) were considered as part of this analysis.

The HAMP loan modification options are already one of the most lenient and affordable programs currently available in the industry today, but they do have certain eligibility restrictions. Rather than analyzing/presenting additional loan modification alternatives that are either less affordable for borrowers than HAMP, or presenting 'unrealistic' terms that are unlikely to even be considered and/or granted by loan servicers, the option(s) evaluated below were designed to present viable loan modification alternatives for borrowers and/or servicers looking to negotiate/establish mutually beneficial loan workouts.

FLEX MOD OPTIONS

The Flex Mod Options (not program names that a servicer would necessarily recognize) are designed to utlize HAMP's basic back-end rate, term and NPV calculations while allowing for more flexible eligibility criteria, tolerances and variances.

- There is no restriction on when the loan was originated
- The property securing the loan does not have to be the borrower(s)' primary residence and/or be currently occupied
- The Unpaid Principal Balance (UPB) of the loan can be more than the usual limit set for the Property Type (e.g. $729,750 limit for a Single Family Residence)
- The current monthly payment CAN be lower than 31% of the borrower(s)' gross income
- The new loan terms do not need to result in at least a 6% reduction in the borrower(s)' monthly payment
- The resulting Loan to Value (LTV) ratio of the new interest bearing balance compared to the new Estimated Market Value of the subject property can be as low as 80%
- Since the Flex Mod Options may not be HAMP eligible, the model excludes any Servicer Incentives

FLEX MOD WORKOUT OPTIONS - RESULTS

Option	Result	Forgiven Principal	Forborne Principal	New Balance	New Term	New Rate	New Payment	NPV MOD	NPV NO MOD DEFAULT	NPV NOMOD
FlexMod Rate/Term	Pass	$0	$0	$867,808	465	2.000 %	$2,683.39	$474,109	$444,929	$451,884
FlexMod Term/Rate	Pass	$0	$0	$867,808	480	2.125 %	$2,685.38	$474,737	$444,929	$451,884

Option	Failure Reasons (if any)

ADDITIONAL LOAN DISPOSITIONS/MODIFICATION(S) CONSIDERED

The FLEX MOD RATE/TERM Model

- The FLEX MOD RATE/TERM Model follows HAMP's Standard Waterfall process. The Current Interest Rate of the loan is first decreased to not less than 2% (while the existing remaining loan term remains unchanged).
- If needed, the term is extended to 480 months (or more if the existing loan term is already longer)
- If needed, principal is forborne until the target DTI of 31% is achieved. The forbearance amount is added as a balloon payment to the end of the loan and no interest is collected on the forbearance amount.

Step 1 Capitalization	Capitalize any accrued arrearages, interest, and escrow advances, adding them in to obtain a new starting loan balance.	*Performed*	The delinquent interest of $139,014.51 is added to the current unpaid balance of $728,793.06 resulting in a modified balance of $867,807.57.
Step 2 Rate Reduction	Reduce the current interest rate in steps of .125% to not less than 2% while using the existing remaining loan term.	*Performed*	The rate is reduced to 2.000 % resulting in a payment of $3,697.27, reducing the DTI to 39.67 %. Further steps in the waterfall are needed to achieve the target DTI of 31%.
Step 3 Term Extension	Extend the mortgage term up to 480 months (or greater if the existing loan terms are higher)	*Performed*	Loan Term extended to 465 months resulting in a monthly payment of $2,683.39 and a DTI of 31.03 %. No further steps needed.
Step 4 Principal Forbearance	Forbear a portion of the principal (upto an amount reducing the interest bearing balance to the estimated property value) into an interest free balloon amount to reach the target DTI	*N/A*	Target DTI of 31.03 % already achieved through previous modification steps. Forbearance not needed.

The FLEX MOD TERM/RATE Model

- The FLEX MOD TERM/RATE Model follows the same guidelines but explores the option of extending the term first before lowering the interest rate of the loan. Many times, this can result in a higher NPV to the investor/servicer while still keeping the monthly payment at an affordable level for the borrower.

Step 1 Capitalization	Capitalize any accrued arrearages, interest, and escrow advances, adding them in to obtain a new starting loan balance.	*Performed*	The delinquent interest of $139,014.51 is added to the current unpaid balance of $728,793.06 resulting in a modified balance of $867,807.57.
Step 2 Term Extension	Extend the mortgage term up to 480 months (or greater if the existing loan terms are higher)	*Performed*	Loan Term extended to 480 months resulting in a monthly payment of $6,527.39 and a DTI of 63.78 %. Further steps are needed to achieve the target DTI of 31%.
Step 3 Rate Reduction	Reduce the current interest rate in steps of .125% to not less than 2% while using the existing remaining loan term.	*Performed*	The rate is reduced to 2.125 % resulting in a payment of $2,680.13 achieving the target DTI of 31.05 %. Further steps in the waterfall will be skipped.
Step 4 Principal Forbearance	Forbear a portion of the principal (upto an amount reducing the interest bearing balance to the estimated property value) into an interest free balloon amount to reach the target DTI	*N/A*	Target DTI of 31.05 % already achieved. Principal Forbearance not required.

FORECLOSURE AVOIDANCE - THE SHORT SALE ALTERNATIVE

Short Sale Overview

While HAMP and other Loan Modification program guidelines are intended to assist a broad range of at-risk borrowers, it is expected that in certain situations borrowers may wish to, or need to, consider other foreclosure prevention options (for example, if the borrower was unable to be approved for a HAMP modification request, or a HAMP modification is offered, but not acceptable to the borrower, or if the borrower falls out of a prior HAMP loan modification arrangement.)

In these instances, the borrower may benefit from a Short Sale option which enables the borrower to transition to more affordable housing and avoid the negative impacts of a foreclosure.

How a Short Sale Works

In a short sale, the servicer will allow the borrower to list and sell the mortgaged property with the understanding that the net proceeds from the sale may be less than the total amount due on the mortgage. The servicer will accept the short payoff as full satisfaction of the total amount due on the mortgage.

Pre-Sale

The servicer will typically start by approving a list price for the home, or provide an acceptable sales proceeds amount (the minimum amount, after costs, that the servicer will accept) from the sale of the home. They will also usually identify the sales costs (broker commissions, closing costs etc.) that may be deducted from the final sales price.

Minimum Acceptable Net Proceeds

In a short sale, the servicer will allow the borrower to list and sell the mortgaged property with the understanding that the net proceeds from the sale may be less than the total amount due on the mortgage. The servicer will accept the short payoff as full satisfaction of the total amount due on the mortgage.

Allowable Transaction Costs

In determining the minimum net, the servicer will also consider reasonable and customary real estate transaction costs for the community in which the property is located and determine which of these costs the servicer or investor is willing to pay from sale proceeds.

Offer

Once the borrower receives an offer on the home, they submit the required documentation to the servicer.

Closing

Once the sale closes, the borrower is released from all responsibilities of paying their mortgage. In many situations, they may also receive some funds to help pay for their moving expenses.

HOME AFFORDABLE FORECLOSURE ALTERNATIVE (HAFA) SHORT SALE - PROGRAM HIGHLIGHTS

Eligibility/Consideration for the HAFA Short Sale Program
Under the Government's Home Affordable Modification Program, servicers must consider eligible borrowers for a HAFA Short Sale within 30 calendar days of the date the borrower:

- Does not qualify for a HAMP Trial Period Plan
- Does not successfully complete a Trial Period Plan
- Is delinquent on a HAMP modification by missing at least two consecutive payments, or
- Requests a Short Sale

Borrower-Initiated Approval for a HAFA Short Sale
In the event that a borrower has an executed sales contract and requests the servicer to approve a short sale, the servicer 'must' evaluate the borrower for HAFA . The borrower needs to submit the request to the servicer in the form of an Alternative Request for Approval of Short Sale (Alternative RASS). Upon receipt of the Alternative RASS, the servicer must determine the basic eligibility of the borrower. If the servicer approves the short sale, then the loan qualifies for the HAFA program.

If the borrower appears to be eligible and was not previously considered for a Trial Period Plan, the servicer must also notify the borrower verbally or in writing of the availability of a HAMP loan modification and allow the borrower up to 14 calendar days from the date of the notification to contact the servicer by verbal or written communication and request consideration for a HAMP modification.

Release of First Mortgage LienSaleProgram
The servicer must release its first mortgage lien within ten business days (or earlier if required by state or local laws) after receipt of sale proceeds from a short sale. Additionally, the investor must waive all rights to seek a deficiency judgment and may not require the borrower to sign a promissory note for the deficiency.

Release of Subordinate Liens
It is the responsibility of the borrower to deliver clear marketable title to the purchaser or investor and to work with the listing broker, settlement agent and/or lien holders to clear title impediments. The servicer may, but is not required to, negotiate with subordinate lien holders on behalf of the borrower. The servicer, on behalf of the investor, can authorize the settlement agent to allow up to an aggregate of $3,000 of the gross sale proceeds as payment(s) to subordinate mortgage/lien holder(s) in exchange for a lien release and full release of borrower liability.

Suspension of Foreclosure SalesProgram
At the servicer's discretion, the servicer may still initiate foreclosure or continue with an existing foreclosure proceeding during the HAFA process, but may not complete a foreclosure sale:

- While determining the borrower's eligibility and qualification for HAMP or HAFA
- While awaiting the timely return of a fully executed Short Sale Agreement (SSA)
- During the term of a fully executed Short Sale Agreement (SSA)
- Pending transfer of property ownership based on an approved sales contract per the RASS or ARASS

Partial Mortgage Payment
The servicer may require partial mortgage payment (which they may determine, - but not to exceed 31% of the borrower's gross income) until the house is sold and title is transferred. While the borrower is selling their home, they still legally owe the full amount of the mortgage payment. This reduced payment, though not considered a modification to the mortgage, would be made until the house is sold or the Short Sale Agreement expires.

Borrower Fees
Servicers may not charge the borrower any administrative processing fees in connection with HAFA. The servicer must pay all out-of-pocket expenses, including but not limited to notary fees, recordation fees, release fees, title costs, property valuation fees, credit Supplemental Directive, report fees or other allowable and documented expenses. (The servicer may add these costs to the outstanding debt in accordance with borrower's mortgage documents and applicable laws in the event the short sale is not completed.)

SHORT SALE - ELIGIBILITY CHECK

Origination Date Check	Loan must have been originated on or before 1/1/2009. This loan was originated on 08/01/2006.	*Pass*
Property Type Check	Property Type 'Single Family Residence' is eligible.	*Pass*
UPB Limit Check	UPB of $728,793.06 is within the UPB limit of $729,750.00 for the number of units (1) of the current property type 'Single Family Residence'.	*Pass*
Residence Check	The property must be the primary residence of the borrower and must be occupied or have been occupied in the past 12 months. The property is Primary Residence and is currently Occupied.	*Pass*
Property Condition Check	Condemned and/or Inaccessible properties are not eligible for HAFA Short Sale. The property is 'Good'.	*Pass*
Debt to Income Ratio (DTI) Check	DTI before modification must be greater than 31%. The DTI is 59.31 %.	*Pass*
Investor Check	Loans with GSE's not eligible for HAFA Short Sale. The current Investor is Private.	*Pass*

PROPOSED SHORT SALE TERMS

PROPOSED SHORT SALE AGREEMENT/TERMS
Short Sale Terms and Conditions will vary from Servicer to Servicer. In their final form, they will be more comprehensive and detailed than the ones outlined below, but based on the submitted information, the following Short Sale Terms would be compliant with current HAFA Short Sale Guidelines and/or are indicative of Short Sale Agreements commonly executed in the industry today:

- The closing date should be no less than 120 calendar days from the Short Sale Agreement effective date.
- The contracted sales price is not less than **$519,060**
- The Real Estate Agent's Commission Amount is not greater than **$36,000**
- The Settlement/Escrow Attorney charges to be withheld from the net proceeds check are not greater than **$14,940**. (Any additional fees/costs associated with the sale must be negotiated among and paid for by the Seller, buyer, and /or Real Estate Agent.)"
- The Net Proceeds (Short Sale Pay Off) to the servicer at closing are not less than **$483,060**
- Within 24 hours (one business day) after closing, the closing agent/attorney are to forward to the servicer:
  - A copy of the fully executed sales contract.
  - A copy of the fully executed HUD-1 Settlement.
  - Good Funds (Net Proceeds) made payable to the servicer in an amount of not less than **$483,060**
- Upon successful closing of an acceptable Short Sale, the borrower would be entitled to a relocation incentive of **$3,000**
- A monthly mortgage payment of **$2,680.13** may be required from the borrower during the term of the Short Sale Agreement.

FORECLOSURE

According to the HAMP model, one typically compares the NPV of the Loan Modification (MOD NPV) to the NPV of the loan not being modified (NO MOD NPV). The NO MOD NPV is a combination of the loan curing (NO MOD CURE NPV) and the loan defaulting and proceeding into foreclosure (NO MOD DEFAULT NPV). This is most applicable when the servicer is evaluating the loan for potential loan MOD and NO MOD scenarios.

However, if the borrower is already delinquent and has a financial hardship that prevents him from making the required payments that would enable the loan to cure, it is almost certain that the loan will proceed into foreclosure. The NO MOD DEFAULT NPV is therefore a much more valid projection of the foreclosure scenario.

This is described in greater detail, below, along with other contributing factors:

FORECLOSURE NPV PROJECTIONS

If the loan is Not Modified, it can either Cure (be brought current) or it can Default and proceed to Foreclosure.

- The estimated probability of the loan Not being Modified and Curing is: **1.00 %**.
- The projected NPV of the loan Not being Modified and Curing is: **$1,141,687.09**

- The estimated probability of the loan Not being Modified and Defaulting/Foreclosing is: **99.00 %**.
- The projected NPV of the loan Not being Modified and Defaulting/Foreclosing is: **$444,929.29**

- The combined projected NPV of the loan Not being Modified, taking into consideration both the probabilities of Cure and Default is: **$451,883.57**. This is the NPV that HAMP typically compares to the NPV's of the Loan Modification Option(s)

- For the NPV of this Foreclosure Option, we assume that if the loan is not modified it will definitely result in a Foreclosure (Probability of Foreclosure is **100 %** and the Probability of Cure is **0 %**). The NPV for this Foreclosure option, therefore, is the same as the NPV of the No Mod Default scenario: **$444,929.29**

Some additional factors that were included in this Foreclosure Option analysis:

- REO/Foreclosure Expenses were estimated to be: **$21,207.88**
- The Projected Foreclosure Time and REO Hold Time is about: **23** months (from Last Paid Date)
- The Projected Disposition Date is around : **April, 2012**
- The Projected Home Price at Disposition is: **$598,620** (**99.77 %** of Property's Current Estimated Value)

Note: These factors/calculations are based on HAMP's methods for determining the Probabilities of No Modification (Cure and Default), Hold Times and the NPV's of the various No Modification Cure and No Modifcation Default scenarios.

AFFORDABLE MORTGAGE PAYMENT ANALYSIS

Report Generated: 11-08-2011 15:36:44

CASE FILE: 5381

LOAN/REFERENCE ID: REMOVED

BORROWER(s): REMOVED

SUBJECT PROPERTY: ADDRESS REMOVED in Arcadia, CA 91006

REPORT OVERVIEW

This Affordable Mortgage Payment Analysis was designed to accompany REST's Loan Disposition Analysis Report, specifically the report that correspondes to the Case File listed above. Although the Loan Disposition Analysis Report provides very detailed eligibility and qualification analytics for HAMP Loan Modifications, HAFA Short Sales and other loan modification options, individuals often cannot understand why certain levels of income and expenses did not qualify for various loan modification options.

This report fulfills that need, providing an Affordable Mortgage Payment Analysis, which uses the borrower's pertinent income and expense information and analyzes it using various Unpaid Principal Balance (UPB), Interest Rate and Loan Term permutations.

The assumptions in these analytics use the base factors contained in the latest HAMP Loan Modification guidelines (v. 4.x) where the Allowable Housing Expenses can be lowered to 31% of the borrower's income, the Interest Rate can be lowered to 2% and the Loan Term can be extended up to 40 years (or the current loan term). This analysis does not perform all of the HAMP eligibility calculations. It does not limit the amount of Principal Reduction that can be applied or restrict the amount of reduction allowed due to any resulting Loan to Property Value ratios. It is just meant to provide a broader overview of Affordable Mortgage Payment options to the reader.

If any Delinquent Interest Payments were submitted as part of the associated Loan Disposition Analysis Report, they have also been added to the Current Unpaid Principal Balance (UPB) in this report. No PMI coverage obligations were assumed.

This report also uses the data that was submitted for analysis as of the Data Collection date (e.g. to calculate remaining loan term). It does not validate any incorrect entries. For these reasons, the results may vary from the more accurate calculations produced by the Loan Disposition Analysis Report.

ANALYTICAL MODELS & CODE VERSIONS APPLIED IN THIS REPORT/ANALYSIS

To be used in conjunction with REST's Loan Workout Options & Analytics v.1109a
Report Version 4.0d Last Updated: 09/18/2011

REST is an impartial third-party provider of these analytics. The findings generated by this report are not evidence of, nor are they determinative of, participation in any federal, state, local, Fannie Mae, Freddie Mac or other mortgage loan modification program.

INCOME AND EXPENSES

► **Monthly Gross Income**	$11,738.00
Expenses	
Total of Other Monthly Obligations (non-target loan/housing expenses)	$9,054.61
Housing-Related Expenses	
Monthly Real Estate Taxes	$856.73
Monthly Hazard & Flood Insurance	$101.92
Monthly Homeowner's Association (HOA)	$0.00
"Actual" Amount Left for Mortgage Payment	($2,683.39)

CURRENT LOAN INFO & INCOME RATIOS

Current Unpaid Principal Balance (UPB) (Which includes any Delinquent Interest Payments)	$867,807.57
Current Interest Rate	8.750 %
Remaining Original Loan Term (in Months)	298
Supplied Current Mortgage Payment	$5,487.14
The Current CALCULATED Mortgage Payment using these loan terms	$6,002.93
The Ratio of the Current CALCULATED Mortgage Payment (PI) to Income	51.14 %
The Ratio of the Current CALCULATED Mortgage Payment WITH Housing Expenses (PITIA) to Income	59.31 %

AFFORDABILITY CHECK USING A STRICT 31% DEBT-TO-INCOME RATIO

Starting off with 31% of the Gross Monthly Income	$3,638.78
Subtracting all of the Non-Mortgage Housing-Related Expenses for this Loan/Property	$958.65
► **The 'Affordable Mortgage Payment' (Based on a strict 31% Housing to Income Ratio)**	**$2,680.13**
Is the Supplied Current Mortgage Payment already affordable (less than this)?	**NO**

AFFORDABILITY CHECK AT OFFERED INTEREST RATES & LOAN TERMS

► **Affordability at the Remaining Term (from Data Collection Date)**

First Paid Date at Origination: 2006/09/01   Data Collection Date: 2011/10/31   Remaining Loan Term (Months): 298

The Interest Rate for an 'Affordable Mortgage Payment' (with the Current UPB & Remaining Term)	Not possible

► **Affordability at a 2% Interest Rate**

The Monthly Payment for the Current UPB at a 2% Interest rate for a Term of 40 years would be	$2,627.94
The difference beween the 'Affordable Mortgage Payment' and this payment is	$52.19
The borrower would need this much in verified monthly income to qualify	$11,569.66

An ‘Affordable Mortgage Payment’ IS possible with the Current UPB, a 2.000% Interest Rate and a Term of 466 months

AFFORDABILITY CHECK USING PRINCIPAL REDUCTION

► **Affordability at a 2% Interest Rate, a Loan Term of 40 years AND Principal Reduction**

An 'Affordable' Unpaid Principal Balance (UPB) is	$867,807.57
This would require a Principal Reduction of	$0.00
With the provided Estimated Property Value of	$600,000.00
The LTV Ratio for the Current Unpaid Principal Balance (UPB) is	144.63 %
The LTV Ratio for the Current Unpaid Principal Balance (UPB) with this Principal Reduction would be	144.63 %