



3121 Michelson Drive
Irvine, CA 92612

Mario [redacted]

VIA UPS

August 26, 2009

Bless [redacted]
Jorge [redacted]

Milpitas, CA 95035-5948

Re: Modification Agreement

Loan No: [redacted]

Property: [redacted] Milpitas, CA 95035-5948

7.25%

to 3%

\$3,276 to

\$1,562

Dear Bless Calso and Jorge S Yandoc:

We are pleased to inform you that your loan modification request has been approved by Downey Savings and Loan Association, F.A., now a part of U.S. Bank. The approval, and the extent of the modification, is based on current income information you provided.¹ Our intent is to permanently modify your loan, providing you with an affordable monthly payment, inclusive of taxes and insurance, that will not exceed 31% of your monthly income at the time of the modification. Pursuant to the modification, past due amounts on the loan will be brought current, and late charges, if any, will be waived. The modified loan will not contain a prepayment penalty provision. No fees or other charges will be required for the modification.

Enclosed is an original Modification Agreement for your review. As reflected in the Agreement, the Bank has capped the interest rate on your loan at the current Freddie Mac Survey Rate. In addition, to provide time for you to regain a more secure financial footing, the interest rate has been reduced to 3% for the next five years. The interest rate will then increase by one percentage point per year until the interest rate cap is reached. In order to reduce your existing housing debt-to-income ratio to 31%, we may have also extended the term of your loan and/or deferred repayment of a portion of your unpaid principal balance. If the loan term has been extended, the Maturity Date shown in Section 3(A) of the Modification Agreement will be later than the

¹ Please promptly contact me if the income information you provided has changed. A change in your income may result in the Bank's withdrawal of its approval of the modification reflected in the enclosed Modification Agreement, although, if that occurs, the Bank may consider a different modification.



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original maturity date of your loan. If principal is deferred, the amount deferred is reflected in the Agreement. No interest will be charged on that amount, and no monthly payment will be required. The deferred principal will be repaid on your loan's new maturity date, or upon a sale of your home or a refinance of your loan.

As a condition of the modification, the Bank requires that an impound account be established for taxes and insurance. A portion of your annual tax amount and insurance premium will be included in the payment reflected on your monthly billing statement.

Please carefully and thoroughly review the Modification Agreement, and contact me if you have any questions. Should you decide to proceed with the loan modification, please sign the Modification Agreement where indicated on page 2, and initial each of the other pages, where indicated. Then kindly return the Modification Agreement containing your original signature and initials to the Bank, using the enclosed UPS envelope. Please include with the original Modification Agreement your check in the amount of \$1,562.05 which will be applied to the initial monthly principal and interest payment due on the modified loan, with the balance credited to your tax and insurance impound account.

Also enclosed is IRS Form 4506, which you are asked to complete and return.

The Bank must receive the original Modification Agreement and your check, along with the completed and signed Form 4506, no later than September 10, 2009, after which the Bank's approval will be deemed withdrawn and the Modification Agreement will be deemed null and void.

We look forward to completing your loan modification, and appreciate the opportunity you have given us to serve you. Again, please contact me if you have any questions.

Sincerely,

Mario [Redacted]
[Redacted]
[Redacted]

/dl
enclosures

MODIFICATION AGREEMENT

Loan No: [REDACTED]
Property: [REDACTED] MILPITAS, CA 95035

This Modification Agreement ("Modification") is made and entered into as of September 1, 2009 ("Modification Date") by and between BLESS [REDACTED] and JORGE [REDACTED] (jointly and severally, "Borrower" or "I") and U.S. BANK NATIONAL ASSOCIATION, SUCCESSOR IN INTEREST TO THE FEDERAL DEPOSIT INSURANCE CORPORATION AS RECEIVER FOR DOWNEY SAVINGS AND LOAN ASSOCIATION, F. A. ("Lender").

Borrower, except any Borrower described below as a non-applicant or non-applicant spouse, is the maker of a promissory note in favor of Lender dated October 6, 2006, including any Addendum and Rider thereto and any previous amendment, modification and/or supplement thereof ("Note"). The Note is secured by a deed of trust or mortgage of the same date, together with any Rider thereto and any previous amendment, modification and/or supplement thereof ("Security Instrument") executed by Borrower and recorded on October 27, 2006 as Instrument No. [REDACTED], in Book or Liber _____, Page(s) _____, in the Official Records of Santa Clara County, CA. The Security Instrument secures performance of the obligations of Borrower under the Note and encumbers the Property.

Borrower and Lender agree as follows:

1. Effect and Contingent Nature of this Modification.

a. The terms and conditions of the Note and the Security Instrument that are modified, amended and supplemented by this Modification are set forth in Exhibit "A" attached to and incorporated herein as part of this Modification. The terms used in Exhibit "A" shall have the same meanings as the same or substantially equivalent terms used in the Note and the Security Instrument, whether or not the terms used in Exhibit "A," or in the Note or the Security Instrument, are capitalized. If there is any inconsistency between the provisions of this Modification and the provisions of the Note or the Security Instrument, the provisions of this Modification shall prevail over and supersede the inconsistent provisions of the Note or the Security Instrument. Except as modified, amended or supplemented by this Modification, the terms and provisions of the Note and Security Instrument are hereby ratified and confirmed by Borrower and are and shall remain in full force and effect. This Modification will be legally binding upon and effective as to the parties hereto only when signed by each Borrower and by Lender.

b. Lender's agreement to enter into this Modification with Borrower is conditioned on Lender verifying that Borrower's income qualifies Borrower for this Modification. If Borrower has not already done so, Borrower agrees to and will promptly provide Lender with acceptable information to permit verification of Borrower's income, and further agrees to and will make the initial monthly payment shown under PAYMENTS on Exhibit "A" while Lender verifies Borrower's information. If Borrower qualifies, Lender will sign and return this Modification to Borrower, and it will be effective on the date it is signed by Lender. If Borrower does not (i) provide Lender with income information required by Lender within the time period required by Lender or at all, or (ii) make all monthly payments when due while Lender verifies that Borrower qualifies or (iii) qualify, the Note and Security Instrument will not be modified, and this Modification will have no force or effect. Lender will apply any payments made by Borrower to the amount owed by Borrower.

Borrower Initials: _____

2. **Entire Agreement; Amendment:** The Note and the Security Instrument, as modified, amended and supplemented by this Modification, constitute the entire agreement and understanding between each of the parties hereto and shall supersede all prior communications, representations, understandings and/or agreements, if any, whether oral or written, concerning the subject matter contained in the Note and the Security Instrument, as so modified, and no provision of the Note and the Security Instrument, as so modified, may be further modified or amended, or waived or discharged, in whole or in part, except by a written instrument executed by each of the parties hereto.

Borrower requests that a copy of any Notice of Default and of any Notice of Sale under the Security Instrument be mailed to the first Borrower named below at the Property address indicated herein.

**U.S. BANK NATIONAL ASSOCIATION,
SUCCESSOR IN INTEREST TO THE FEDERAL DEPOSIT INSURANCE CORPORATION
AS RECEIVER FOR DOWNEY SAVINGS AND LOAN ASSOCIATION, F. A.**

By: _____ Date: _____
(Officer Signature)

(Officer Name)

Its: _____
(Officer Title)

By signing below, each Borrower accepts and agrees to the terms of the Note and of the Security Instrument as modified, amended and supplemented by this Modification.

BORROWER:

_____ Date: _____
Bless _____

_____ Date: _____
Jorge _____
Non-Applicant Spouse*

Non-Applicant Spouse signs as "Borrower" solely for the purpose of pledging the collateral without personal obligation for payment of any sums secured by this Security Instrument.*

EXHIBIT "A"

**ATTACHMENT TO MODIFICATION AGREEMENT
(FDIC Modification [rate reduction/modified to cap; deferred principal])**

**MODIFIED, AMENDED AND SUPPLEMENTED TERMS AND CONDITIONS OF
NOTE AND SECURITY INSTRUMENT**

The terms and conditions of the Note and Security Instrument are modified, amended and supplemented as follows:

Title of Note and Adjustable Rate Disclosure: The title of the Note is amended and restated to read as follows, and the adjustable rate disclosure appearing under the title of the Note is deleted in its entirety:

FIXED RATE NOTE

Adjustable Rate Rider: Any adjustable rate rider to the Security Instrument is deleted in its entirety.

Principal Balance: The unpaid principal balance of the Note immediately preceding this Modification is U.S. \$538,631.01. Section 1 (BORROWER'S PROMISE TO PAY) of the Note is amended and revised to reflect the Note's unpaid principal balance as of the Modification Date as U.S. \$542,082.19, which includes all arrears on the Note, including past due interest in the amount of U.S. \$00.00, and past due impounds, tax advances and other charges, if any ("Principal"). All unpaid late charges are waived.

Repayment of a portion of Principal totaling U.S. \$236,675.13 will be deferred ("Deferred Principal"), will not incur interest and will be paid as indicated in Section 3(F) below. The remaining portion of Principal ("Amortizing Principal") will be paid as indicated in Sections 2 and 3 below.

Interest: Section 2 (INTEREST) of the Note is amended and restated in its entirety to read as follows:

2. INTEREST

(A) Interest Rate

Interest will be charged on unpaid Amortizing Principal until the full amount of Amortizing Principal has been paid. Commencing August 1, 2009 and continuing for a period of sixty (60) months, I will pay interest at a yearly rate of 3.000%. The interest rate I will pay will change.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in the Note.

(B) Interest Change Dates

The interest rate I will pay will increase on the first day of August, 2014, and may increase on that day every twelfth (12th) month thereafter ("Interest Change Date"). The new rate of interest will become effective on each Interest Change Date.

(C) Interest Rate Limit

My interest rate will never be greater than 5.220%, which is the Freddie Mac Weekly Mortgage Market Survey Rate in effect as of August 07, 2009.

(D) Calculation of Interest Rate Changes

Before each Interest Change Date, the Note Holder will calculate my new interest rate by adding one percentage point (1.000) to the interest rate then in effect. Subject to the limit stated in Section 2(C) above, the result of this addition will be my new interest rate until the next Interest Change Date.

Payments: Section 3 (PAYMENTS) of the Note is amended and restated in its entirety to read as follows:

3. PAYMENTS

(A) Time and Place of Payments

I will pay Amortizing Principal and interest by making a payment every month.

I will make my monthly payments on the first day of each month beginning on the Modification Date. I will make these payments every month until I have paid all the Amortizing Principal and interest and any other charges that I may owe under the Note. My monthly payments will be applied to interest before Amortizing Principal. If on November 1, 2046, I still owe amounts under the Note, I will pay these amounts in full on that date, which is called the "Maturity Date".

I will make each monthly payment at [REDACTED], Santa Ana, CA 92799-5090, or at a different place if required by the Note Holder.

(B) Amount of my Initial Monthly Payments

Each of my initial monthly payments will be U.S. \$1,093.31, which is an amount sufficient to repay the unpaid Amortizing Principal as of the Modification Date in full over forty (40) years from the Modification Date in substantially equal installments at the interest rate in effect on the Modification Date. This amount will change.

(C) Monthly Payment Changes

My monthly payment will change as required by Section 3(I) below beginning on the first day of September, 2014, and may change on that day every twelfth (12th) month thereafter ("Payment Change Date").

I will pay the amount of my new monthly payment each month beginning on each Payment Change Date.

(D) Calculation of Monthly Payment Changes

Before each Payment Change Date, the Note Holder will calculate the amount of the monthly payment that would be sufficient to repay the Amortizing Principal in full on the Maturity Date in substantially equal installments at the interest rate in effect during the month preceding the Payment Change Date.

(E) Payments Exclude Taxes and Insurance

My monthly payments do not include required payments for taxes and insurance, which may be substantial. My monthly requirements for taxes and insurance will change periodically during the term of the Loan.

(F) Payment of Deferred Principal

Deferred Principal will be all due and payable on the earliest of (i) the date the Property is sold, (ii) the date the Amortizing Principal is paid in full or the Loan is refinanced or (iii) the Maturity Date.

Uniform Secured Note: Section 11 (UNIFORM SECURED NOTE) and any other Uniform Secured Note provision of the Note are amended and restated in their entirety to read as follows:

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses that might result if I do not keep the promises that I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of these conditions are described as follows:

Transfer of the Property or a Beneficial Interest in Borrower. As used in Section 18 of the Security Instrument, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. This notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

Rider to Note and/or Security Instrument: If any Rider to the Note and/or Security Instrument has a provision providing for a prepayment charge under certain circumstances, and the period during which a prepayment charge will be imposed has not expired prior to the Modification Date, the prepayment charge provision is deleted in its entirety.