



Real Property Risk Management
 8125 Mercury Court
 San Diego, California 92111-1377
 P.O. Box 25629
 San Diego, California 92126-5609

January 4th, 2012

Santee, CA 92071

Subject: Short Payoff Agreement Letter
 Union Bank Loan #: XXXXXX1189
 Borrower's / Seller's Name(s): [REDACTED]
 Property Address: [REDACTED] Imperial Beach, CA 91932
 Escrow #: [REDACTED]

*****AMENDED*****

Borrower desires to sell the Property, and Union Bank, N.A. ("Lender") agrees to accept from Borrower, in full satisfaction of the Loan, less than all principal, fees and costs that would be due Lender under the Loan upon Borrower's sale of the Property, subject to the following terms and conditions.

1. **Borrower and Lender Agreement. Sales Terms.** The sale of the Property shall be subject to the following terms:

- 1.1 Buyers Name R [REDACTED]
- 1.2 Property Sales Offer \$439,000.00
- 1.3 Maximum real estate broker and sales agent commissions of the lesser of 5% and \$21,950.00
- 1.4 Maximum closing costs \$ 3,127.80
- 1.5 Maximum other costs \$ 1,002.10
- 1.6 Borrower contribution of cash in the amount of \$ 0.00 (this sum is included in the net sales proceeds as set forth in Section 2 below).
- 1.7 Maximum other costs \$ 408,520.00
- 1.8 This Agreement applies only to the sale transaction described above.

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Initial [REDACTED] Date 1/12/2012

- 1.9 Any changes to these terms must be approved by Lender in writing in advance of closing. Any reduction in the closing costs or commissions noted above must be added to the net sale proceeds to be paid to Lender. Borrower waives all rights to any proceeds from the sale, impound accounts or refunds.
2. **Net Proceeds of the Sale (Payoff Amount).** Lender must receive from the sale of the Property and any required Borrower cash contribution specified above, net sale proceeds of no less than \$6,400.00 by no later than 02/15/12.
3. **Settlement and Sales Terms.** Sales terms and all aspects of the closing must be approved by Lender prior to close of escrow. Borrower must cause the HUD-1 Settlement Statement to be faxed to Lender's Loss Mitigation Representative who signs this Agreement at 858-486-5539 for approval prior to closing.
4. **Borrower's Obligations and Acknowledgments.** Borrower agrees to, and acknowledges, each of the following
- 4.1 While the sale of the Property is in an escrow (the "Escrow Period"), Borrower shall provide access to the Property to an appraiser or inspector of Lender's choosing for the purpose of permitting the appraiser or inspector to inspect and photograph the interior and exterior of the Property and for purposes of preparing a property inspection or valuation.
- 4.2 During the Escrow Period, Borrower shall maintain the Property's interior, exterior and landscaping in good condition and repair, and shall not commit waste to the Property.
- 4.3 During the Escrow Period, Borrower shall ensure current payment of all utilities, including without limitation, gas, electric and water.
- 4.4 During the Escrow Period, Borrower shall provide access to the Property to Broker and Broker's agents, other real estate brokers, real estate appraisers, prospective purchasers of the Property, property inspectors, and repairmen.
- 4.5 During the Escrow Period, Borrower shall not voluntarily transfer title to the Property to any third party, except pursuant to an escrow opened pursuant to this Agreement. If Borrower so transfers title to the Property to any third party except pursuant to an escrow opened pursuant to this Agreement, this Agreement will automatically become null and void.
- 4.6 During the Escrow Period, Borrower shall not permit any lien or encumbrance to arise against the Property. If Borrower does permit a lien or encumbrance to arise against the Property, Lender may terminate this Agreement without penalty or notice in its sole discretion.

4.7 At the closing of Escrow, Borrower shall (i) deliver the Property to the
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purchaser of the Property in accordance with the terms of the agreement for the sale entered into between Borrower and the purchaser; (ii) deliver to the purchaser possession of the Property free of any occupants or others claiming a right to occupy the Property; (iii) surrender all rights to occupy the Property and vacate the Property; and (iv) execute any and all documents necessary to effect the sale of the Property.

- 4.8 At the closing of Escrow, Borrower shall cause to be delivered to Lender a certified HUD-1 Settlement Statement.
- 4.9 Borrower certifies that the sale of the Property as described in this Agreement is an "arm's-length" transaction. For purposes of this section 4.9, an "arm's length" transaction means that the parties to the sale are unrelated and unaffiliated by family, marriage, commercial enterprise, or other pre-existing relationship; there are no agreements or understandings between any of the parties to the sale that the Borrower will remain in the Property as tenant or later obtain title or ownership of the Property; neither the Borrower nor the buyers will receive any funds or commissions from the sale; and there are no agreements or offers relating to the sale or subsequent sale of the Property that have not been disclosed to Lender.
- 4.10 Borrower is informed that a sale of the Property pursuant to this Agreement may have adverse credit and legal consequences and may result in taxable income to Borrower. Borrower is advised to seek advice from an attorney, certified public accountant or other expert regarding potential consequences of any sale of the Property pursuant to this Agreement.
- 4.11 A Short Sale under this Agreement may negatively impact Borrower's credit rating. Lender makes no representations concerning the manner in which this sale will be reported to credit reporting agencies, other than as set forth in Section 6.2.
- 4.12 Borrower is responsible for negotiating the release of all liens and encumbrances against the Property, other than Lender's lien securing the Loan.
- 4.13 All documents and information submitted or disclosed by the borrowers to Union bank are true and correct in all material aspects including information relating to the borrower's occupancy of the property, hardship circumstances, income and expenses, and assets and liabilities.
- 4.14 Time is of the essence in the performance of Borrower's obligations under this Agreement.

5. Lender's Obligations. Upon receipt and acceptance of the net proceeds from the sale of the Property as set forth in this Agreement, Lender shall:

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- 5.1 Issue a full reconveyance (satisfaction) of its security interest (lien) in the Property.
- 5.2 Update Borrower's credit report to a "Settled" status.
- 5.3 Comply with applicable IRS requirements by issuing a 1099C statement of "Forgiveness of Debt". Borrower should consult with tax counsel concerning the implications.
- 5.4 Waive all deficiency rights it might have against Borrower.

6. Actions During the Escrow Period.

- 6.1 During the Escrow Period, Lender may file and serve a Notice of Default and a Notice of Sale relating to the Property under applicable law.
- 6.2 If, prior to the execution of this Agreement, Lender scheduled a nonjudicial foreclosure sale of the Property, Lender shall reschedule the scheduled sale date for such periods as Lender may determine in its sole and absolute discretion. It shall be Borrower's obligation to contact the foreclosure trustee to determine the date and time to which any scheduled foreclosure sale is postponed. Except as required by law, Lender will have no obligation to notify Borrower of any continued foreclosure sale.
- 6.3 Any Notice of Default and Notice of Sale filed by Lender or on its behalf prior to the execution of this Agreement or during the Escrow Period, shall remain valid and effective until Borrower's obligations to Lender and others as required by this Agreement are fully satisfied, and shall not be subject to any tolling. Nothing in this Agreement shall be understood or construed to in any way effect the validity of any such Notice of Default and Notice of Sale.
- 6.4 Should Borrower fail to comply with the terms and provisions of this Agreement, Borrower acknowledges and agrees that Lender may continue and proceed with its foreclosure sale of the Property without refile or rerecording any Notice of Default or Notice of Sale.
- 6.5 In entering into this Agreement, Lender waives no rights or remedies under the Note and Deed of Trust, including, without limitation, Lender's right to demand payment in full of all fees and costs incurred in enforcing its rights thereunder.
- 6.6 Lender's retention and application of any payments received from Borrower prior to the execution of this Agreement will not be deemed a waiver by Lender of any of Lender's rights under the Note and Deed of Trust, and Lender shall retain all such payments notwithstanding any default by Borrower under this Agreement and Lender's foreclosure of the Property.

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- 6.7 If Lender conducts a foreclosure sale upon Borrower's default under the terms of this Agreement, and Borrower continues to remain in possession of the Property after the sale, Lender may proceed under any applicable unlawful detainer law to obtain possession of the Property and evict Borrower, other occupants of the Property, and their successors or assigns.
7. **Default; Noncompliance.** Borrower's failure to comply with any term or provision of this Agreement will constitute a default under this Agreement. Upon Borrower's default, Lender may, at its sole option, and without further notice to Borrower, declare this Agreement to be null and void and of no force and effect, in which case Lender shall have no obligation to accept the net proceeds in full satisfaction of its Loan or to release its lien on the Property. Additionally, upon Borrower's default, Lender may, at its sole option, and without further notice to Borrower, enforce all of Lender's rights under the Note and Deed of Trust, including, without limitation, Lender's right to continue with and complete its foreclosure proceedings against the Property.

Please sign one of the original agreements and return it to the undersigned. Please feel free to contact the undersigned if you have any questions.

Sincerely,

[REDACTED]
Loss Mitigation Specialist
Union Bank
800-844-1000 [REDACTED]

**Dream
House**
Realty, Inc.

By signing below, Borrower agrees to the preceding terms and conditions.

[REDACTED SIGNATURE]

Date: 1/12/2012

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Reviewed and Accepted By:

[REDACTED SIGNATURE] 2-6-12
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