

January 28, 2011

GOLETA, CA 93117

Dear Mortgagor(s),

CitiMortgage, Inc. has agreed to accept a short payoff on the above captioned loan between [redacted] with the following conditions:

1. The closing must take place on or before February 27, 2011. You must obtain approval from CitiMortgage for any extension beyond February 27, 2011. Per diem interest must be absorbed by parties other than CitiMortgage, Inc.
2. [redacted] inc.'s net proceeds must not be less than \$649,900.00.
Contract price is \$719,000.00.
Total Payout to CITI (1st mortgage) must not be less than \$649,900.00.
Total Payout to all junior liens cannot exceed \$5,000.00.
The current owners are to receive \$0 proceeds from the sale of the above property.

Any and all refunds or credits must be added to the above net proceeds and remitted to CitiMortgage, Inc. at the time of closing.

3. Upon receipt of the NET PROCEEDS and a COPY OF THE FINAL SETTLEMENT STATEMENT, CitiMortgage, Inc. will give a full release and reconveyance of its lien as agreed, and no deficiency judgment will be instituted.
4. This transaction must be at **arm's length** and include a **transfer of deed**.
5. CitiMortgage will report the balance of the shortfall as "debt forgiveness" per IRS regulations and report it on a 1099C form.

ANY CHANGES TO THE ABOVE STATED TERMS MUST BE APPROVED BY CitiMortgage, Inc.