



June 7, 2011

SUN VALLEY, CA 91352

Dear Mortgagor(s),

Sun Valley Mortgage, Inc. has agreed to accept a short payoff on the above captioned loan for [redacted] with the following conditions:

1. The closing must take place on or before July 8, 2011. You must obtain approval from Sun Valley Mortgage for any extension beyond July 8, 2011. Per diem interest must be absorbed by parties other than Sun Valley Mortgage, Inc.
2. Sun Valley Mortgage, Inc.'s net proceeds must not be less than \$223,150.00.
Contract price is \$257,500.00.
Total Payout to [redacted] (1st mortgage) must not be less than \$223,150.00.
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 Sun Valley Mortgage, Inc. at the time of closing.

3. Upon receipt of the NET PROCEEDS and a COPY OF THE FINAL SETTLEMENT STATEMENT, Sun Valley Mortgage, 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. Sun Valley Mortgage 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 Sun Valley Mortgage, Inc.