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Palmdale, CA 93551

Short Sale Statement Date: 03/23/2011

Loan Number:

Property Address:

Palmdale, CA 93551

Borrower:

IMPORTANT MESSAGE ABOUT THIS ACCOUNT

This letter will serve as Kaiser Federal Bank's (KFB) demand for payment and advises you that KFB and/or its Investors and/or Insurers have agreed to accept a short payoff involving the above-referenced property and the referenced loan. This demand should be used by the closing agent as our formal demand statement. No additional statement will be issued.

WHAT THIS MEANS TO THE BORROWER / SELLER

There may be tax consequences associated with entering into a short sale. The Borrower / Seller is encouraged to seek guidance from an independent tax advisor, and/or an attorney before proceeding with the short sale.

The conditions of the approval are as follows:

- 1) Closing must take place no later than **May 2, 2011** or this approval is void. If an extension is requested and/or approved, then per diem interest will be charged through closing.
- 2) Net proceeds to KFB shall be no less than **\$151,043.50**.
- 3) The property is being sold in AS IS condition. No repairs will be made or be paid out of the proceeds, unless specifically stated otherwise.
- 4) The sellers will not receive any proceeds from this short sale transaction. If there are any remaining escrow funds or refunds, it will not be returned to the seller; it will be sent to KFB to offset the loss.
- 5) The property must be free and clear of liens and encumbrances other than those recognized and accounted for in the HUD-1 approval, on which this approval is based.
- 6) KFB does not charge the borrower for statement, demand, recording, and reconveyance fees on short payoff transactions. Do not include them in your settlement statement. KFB prepares and records its own Reconveyances.
- 7) All funds must be wired. Any other form of payment of funds will be returned. Payoff funds must be received within 2 business days of the HUD-1 settlement date.
- 8) Should the closing be delayed and the Investor/Insurer agrees to an extension of the original closing date, the Borrower / Seller will be responsible for any per diem fees through the new date(s) of closing, extension fees and foreclosure sale postponement fees. The Borrower / Seller will be responsible for any additional costs or fees over the stated approved amounts.
- 9) Completed Assignment of Unearned Premium and Important Notice Regarding Income Tax Reporting is to be emailed along with the final Settlement Statement.

If the Borrower / Seller is entitled to receive any proceeds based on a claim for damage to the property under any policy of insurance, including homeowner's, lender-placed, casualty, fire, flood, etc., or if Borrower / Seller is entitled to receive other miscellaneous proceeds, as that term is defined in the deed of trust/mortgage (which could include Community Development Block Grant Program (CDBG) funds), these proceeds must be disclosed before we will consider the request for short sale. If we receive a check for insurance or miscellaneous proceeds that were not previously disclosed, KFB will have the right to keep the proceeds and apply them to KFB's loss after the short sale. We similarly would have the right to claim the proceeds to offset our losses if it were not previously disclosed and it was sent directly to the borrower.

 3/23/2011
Ralph Wong - VP Credit Administration