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Friday, August 31, 2007

PRIVILEGED AND CONFIDENTIAL ATTORNEY-CLIENT COMMUNICATION

Re: **FINDINGS & RECOMMENDATIONS**
Property: **ADDRESS**
APN: xxx VENTURA COUNTY

Dear xxx:

Thank you for engaging me to assess your financial situation in connection with the above-referenced property. The scope of services I am rendering here is narrowly construed to reviewing and commenting on the loan documentation affecting the above-referenced property so that we can identify areas of discussion that will help you make informed decisions about what to do next in terms of the loan and the individuals who got you involved with this matter.

Any work I undertake beyond this letter will be invoiced at \$ [REDACTED] per hour.

This letter confirms receipt of documents that I have reviewed in preparation of this letter.

DOCUMENTS PROVIDED BY CLIENT OR COLLECTED BY ATTORNEY

- Current mortgage statements and other documents > for the Chase and Homecomings loans
- Recorded documents reflecting hypothecations and loan encumbrance
- Property profile data
- Valuation data including MLS and CMA Reports

Documentation not reviewed:

- Current personal financial information including tax returns, etc.

SUMMARY FINDINGS

It appears that you purchased the property on or about [REDACTED] in the principal amount of \$59800 both of which were originated with WMC Mortgage Corporation.

You apparently refinanced the foregoing original purchase money trust deeds / loans in **October 2005** with a new loan in the principal amount of \$ [REDACTED] to the then existing 1st and 2nd ID holders (HomEq Servicing Corporation and HSBC Mortgage Corporation) in amounts that I do not have backup for ... most notably, [REDACTED]?

At the time of refinance, I see from your loan application that you claimed nearly \$10,000

With this submittal, I have exhausted the 3 hour retainer paid at the outset of the review.

I am, however, available to assist further and to work on your behalf with whomever. Additional time spent discussing this matter, communicating with others on your behalf will be billed at the (discounted) hourly rate of \$ [REDACTED] and pursuant to a fee agreement + retainer. Please email me any questions you might have so that I can respond as promptly as possible.

Thank you for allowing me to assist you in this very important matter.



cc: FILE

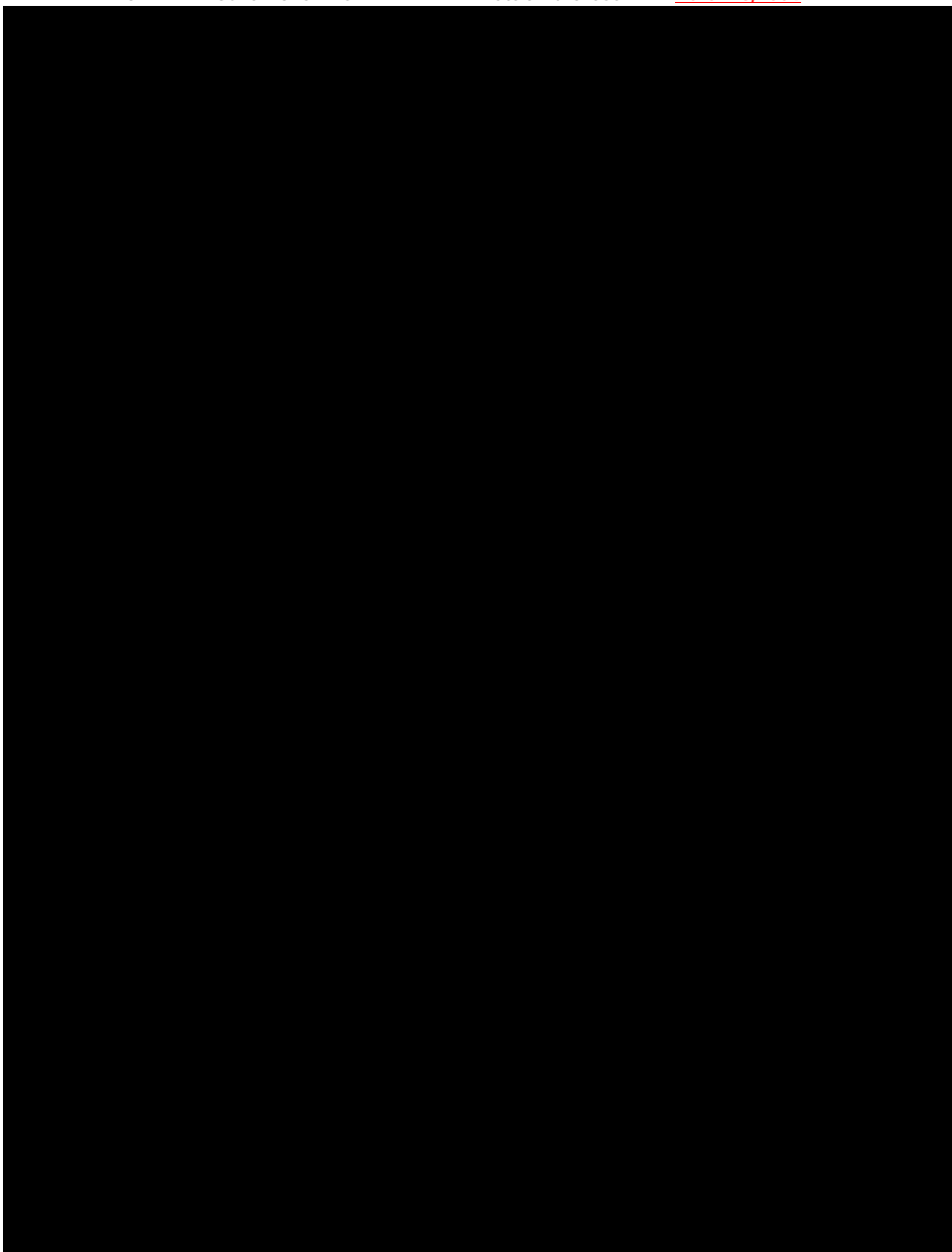
Owner NAME
County VENTURA

Address ADDRESS
APN APN
DATE 08/31/07

ATTORNEY-CLIENT WORK PRODUCT - CONFIDENTIAL

ESTIMATED ESCROW SHORTAGE - Date of Purchase: March 25, 2004

HOMEOWNER OPTIONS - 1. Add Money - 2. Short Sell - 3. Deed in Lieu - 4. Foreclosures



1 - ADD \$\$	1. Add personal funds to escrow to close short <i>Credit - reported as 'paid satisfactorily' or 'paid as agreed'</i> NO COD Income because loan paid GAIN excluded per 1997 Tax Act	Possible sources of funds: Family / Friends / Employer Personal Loan Credit Card
2 - SHORT SALE	2. Attempt to negotiate short sale with lender <i>Credit - reported as 'Settled'</i> COD Income - From Cancellation of Debt Amount due on loan(s) - [Loan Balance(s)] FMV - Sales Price per lender approved SHORT SALE COD INCOME derived from cancellation of debt - 1099 issued	Concerns Junior liens Hardship letter / circumstances Seller financials Property valuation / comps Resistent lender
Costs 2.66	\$ 445,812.66 \$ (350,000.00) \$ 95,812.66	
0	Lender may look to recover shortfall via lawsuit unless dischargeable via homeowner declaration of bankruptcy per IRC Section 108 1st TD Holder may not allow subordinate to get any payoff 2nd TD Holder may refuse to reconvey if not paid anything 2nd TD Holder may have to accept unsecured debt for what is owed GOAL: get TD holders to accept prorata reduction	
	GAIN ANALYSIS - (Capital Gains or Loss) \$ 350,000.00 FMV - Sales Price per lender approved SHORT SALE \$ (24,500.00) - LESS Seller Costs (i.e., commission, escrow, title, misc) \$ (299,000.00) Adjusted Cost Basis to Homeowner / Borrower \$ 26,500.00 GAIN (LOSS) derived from approved SHORT SALE GAIN excluded per 1997 Tax Act	
	3 - DEED IN LIEU 3. Negotiate with lender to accept deed in lieu of foreclosure <i>Credit - reported as 'Voluntary Foreclosure'</i> \$ 95,812.66 COD INCOME derived from cancellation of debt - 1099 issued \$ 26,500.00 GAIN (LOSS) derived from accepted voluntary foreclosure PROBLEM Deed in lieu does NOT extinguish junior liens	
	4 - FORECLOSURE 4. Default on loan and let lender foreclose <i>Credit - reported as 'Foreclosed'</i> \$ 95,812.66 COD INCOME derived from cancellation of debt - 1099 issued \$ 26,500.00 GAIN derived from approved SHORT SALE - NOTE Lender could sue for shortage; if lender succeeds and collects, there is no COD income which is otherwise satisfied by the lawsuit judgment	

LENDER REFUSES SHORT SALE & FORECLOSES ON PROPERTY		<i>All estimates ...</i>
\$ (378,933.00)	Amount Due on TD - 1st - PRINCIPAL LOAN AMOUNT	
\$ -	Amount Due on TD - 1st - NEGATIVE AMORTIZATION	
\$ (16,152.00)	Amount Due on TD - 1st - PREPAYMENT PENALTY	
\$ -	Amount Due on Junior Lien / HELOC / Seller Financing	NOTE: Extinguished by Foreclosure
\$ 350,000.00	Purchase price offered by arms-length 3rd party buyer	No guarantees of achieving
\$ (45,085.00)	RESULTING PROCEEDS	
+ \$ (9,877.13)	Foreclosure Costs at approx % of loan amount	2.50% Estimated
+ \$ (24,500.00)	Resale cost as an REO (bank owned property-commissions++)	7.00% Estimated
= \$ (79,462.13)	EQUALS LENDER'S GAIN (loss) FROM SALE	
\$? ? ?	Holding costs + fix / repair costs while waiting for resale	
\$? ? ?	Accruing mortgage payments not made between now & Trustee's sale	
\$? ? ?	GRAND TOTAL COSTS IF LENDER DECIDES TO FORECLOSE	
Unresolved ...	Foreclosure by TD-1 Lender wipes out junior lien(s)	REFI : RECOURSE LOAN
\$ 50,727.66	Amount Due on Junior Lien - HELOC / Seller Financing	
	This lien holder may sue to recover loss and, depending on representations in loan application, amount may be recovered + punitive damages if fraud is proven + attorneys' fees and court costs. If FRAUD is proven, amount awarded in judgment may not be dischargeable.	
\$ 350,000.00	Cross-Check to FMV / Sales Price / BPO	
\$ (395,085.00)	Amount owed TD-1 Lender	
\$ (45,085.00)	TD-2 is / is not 'wholly unsecured' - strip off per IN RE LAM vs 'strip down' ... both in Chapter 13 BK	

CAUTION: Consult a tax specialist to discuss the tax implications of whatever option you pursue. In foreclosure, there can be both ordinary income arising from Cancellation of Debt (COD and Capital Gains, unless the homeowner is insolvent or the gain is exempt. Check with your tax specialist. Consider also IRS FAQ re 1099 Income - see also, Publication 523 (2006), Selling Your Home. <http://www.irs.gov/faqs/faq4-4.html> The numbers on this sheet are estimates only.

CMA Report

Listings as of 08/22/07 at 9:01am

Property Type Residential **Property Subtypes** Attached, Detached **Area 45 Statuses** Active, Contingent-1st Right, Contingent-Back up, Pending, Sold (2/23/2007 or after) , Cancelled (2/23/2007 or after) , Conditional Cancel (2/23/2007 or after) , Expired (2/23/2007 to 8/21/2007) , Release From Showing (2/23/2007 or after) **Bedrooms** 3.00 to 3.00 **Bathrooms** 2.00 to 2.00 **Structure** 1900 to 2100

RESIDENTIAL

ACTIVE Properties

Address	City	Map	Bd	Bth	SqFt	LotSz	Year	Date	\$/SqFt	DOM	Orig Price	List Price
408 Castleton St	Camarillo	524, G4	3	2	2004	6200sf	2005	08/03/07	378.74	19	779,000	759,000
314 Commons Park Dr	Camarillo	524, G4	3	2	2004	6534sf	2005	07/03/07	396.71	50	795,000	795,000
Listing Count 2	Averages				2004				387.72	35	787,000	777,000
					High 795,000				Low 759,000		Median 777,000	

PENDING Properties

Address	City	Map	Bd	Bth	SqFt	LotSz	Year	Date	\$/SqFt	DOM	Orig Price	List Price
465 Deerhurst Ave	Camarillo	524, H5	3	2	2038	8552sf	1980	08/13/07	308.15	45	649,000	628,000
4738 La Puma Ct	Camarillo	494, J7	3	2	1910	6098sf	2002	08/01/07	365.97	78	749,000	699,000
3775 Hedge	Camarillo	524, G4	3	2	2049	6395sf	2006	07/28/07	383.06	177	794,900	784,900
Listing Count 3	Averages				1999				352.16	100	730,967	703,967
					High 784,900				Low 628,000		Median 699,000	

SOLD Properties

Address	City	Map	Bd	Bth	SqFt	LotSz	Year	Date	\$/SqFt	DOM	Orig Price	List Price	Sale Price	SP%LP
1769 Avenida Navidad	Camarillo	524, J1	3	2	1910	5966sf	2003	05/30/07	356.02	149	799,000	719,000	680,000	94.60
4718 La Puma Ct	Camarillo	494, J7	3	2	1910	6515sf	2002	05/15/07	363.87	77	759,000	729,900	695,000	95.20
3095 Bridgehampton Way	Camarillo	, A1	3	2	2002	7109sf	2006	06/06/07	350.15	87	799,000	709,000	701,000	98.90
5061 Corte Tiara	Camarillo	524, J1	3	2	1910	6050sf	2004	05/10/07	371.73	51	759,000	735,500	710,000	96.50
3095 Bridgehampton Way	Camarillo	524, G4	3	2	2004	6970sf	2005	08/02/07	361.00	36	750,000	750,000	723,450	96.50
3755 Fountain St	Camarillo	524, G4	3	2	2049	5663sf	2005	05/16/07	377.38	159	789,000	774,999	773,250	99.80
Listing Count 6	Averages				1964				363.43	93	775,833	736,400	713,783	96.93
					High 773,250				Low 680,000		Median 705,500			

CANCELLED Properties

Address	City	Map	Bd	Bth	SqFt	LotSz	Year	Date	\$/SqFt	DOM	Orig Price	List Price
3755 Fountain St	Camarillo	524, G4	3	2	2049	5610sf	2005	03/14/07	385.07	97	789,000	789,000
Listing Count 1	Averages				2049				385.07	97	789,000	789,000
					High 789,000				Low 789,000		Median 789,000	

EXPIRED Properties

Address	City	Map	Bd	Bth	SqFt	LotSz	Year	Date	\$/SqFt	DOM	Orig Price	List Price
1707 Coachman Dr	Camarillo	525, A1	3	2	2000	6098sf	1983	06/03/07	309.50	183	659,900	619,000
3010 White Rock	Camarillo	524, G4	3	2	2004	7054sf	2005	05/27/07	380.74	180	799,000	763,000
3064 White Rock Road	Camarillo	524, G4	3	2	2004	6214sf	2005	06/12/07	419.16	182	865,000	840,000
Listing Count 3	Averages				2003				369.78	182	774,633	740,667
					High 840,000				Low 619,000		Median 763,000	

RELEASE FROM SHOWING Properties

Address	City	Map	Bd	Bth	SqFt	LotSz	Year	Date	\$/SqFt	DOM	Orig Price	List Price	
155 Spindlewood Ave	Camarillo	524, H4	3	2	2038	7344sf	1983	06/28/07	355.74	79	725,000	725,000	
Listing Count 1	Averages				2038				355.74	79	725,000	725,000	
					High 725,000				Low 725,000		Median 725,000		
Report Count 16	Report Averages				1993				366.44	103	766,238	738,769	713,783

Presented By: Paul E. E Stansen / Troop Real Estate, Inc Phone: 888-529-6632
 Featured properties may not be listed by the office/agent presenting this brochure.

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Primary Owner: [REDACTED]

Secondary Owner:

Mail Address: [REDACTED]

[REDACTED]

Site Address: [REDACTED]

CAMARILLO CA 93012

Assessor Parcel Number: [REDACTED]

Phone: 805-[REDACTED]

Census Tract: 0056.00

Housing Tract Number: [REDACTED]

Lot Number: [REDACTED]

Page Grid:

Legal Description: [REDACTED]

Property Characteristics:

Bedrooms : 3	Year Built : 2005	Square Feet : 2,004 SF
Bathrooms : 2.0	Garage : Garage 2	Lot Size : 6,982 SF / 0.160 AC
Total Rooms : 7	Fireplace : 1	Number of Units : 0
Zoning :	Pool :	Use Code : Single Family Residential
No of Stories: 1	Latitude: [REDACTED]	Longitude: [REDACTED]
Building Style:		

Sale & Loan Information:

Last Transfer Date : [REDACTED]	Seller : [REDACTED]	
Transfer Value : \$779,500	Document # : [REDACTED]	BK-PG: - Cost/Sq. Feet : \$389
First Loan Amount : \$623,419	Lender : DHI MORTGAGE COMPANY LTD	
Title Company : CHICAGO TITLE COMPANY		

Assessment & Tax Information:

Assessed Value : \$328,179	Percent Improvement : 49.67%	Homeowner Exemption :
Land Value : \$165,179	Tax Amount : \$3,532.68	Tax Rate Area : 7-352
Improvement Value : \$163,000	Tax Account ID :	Tax Status : Current
Market Improvement Value :	Market Land Value :	Market Value:
TaxYear : 2006		

Data Deemed Reliable, But Not Guaranteed.
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Subject Property History

[REDACTED] VENTURA COUNTY

Mortgage Record

Recording Date	[REDACTED]	Document #	[REDACTED]
Loan Amount:	\$162,581	Loan Type	Credit Line (Revolving)
TD Due Date	03/27/2046	Type of Financing	
Lender Name	WELLS FARGO BANK NA		
Lender Type	Bank		
Borrowers Name	[REDACTED]		
Vesting	Joint Tenancy		

Prior Transfer

Recording Date	02/27/2006	Document #	[REDACTED]
Price	\$779,500	Document Type	Grant Deed
First TD	\$623,419	Type of Sale	Full-Computed from Transfer Tax
Mortgage Doc #	[REDACTED]	Interest Rate	6.4 %
Lender Name	[REDACTED]		
Buyer Vesting	Joint Tenancy		
Seller Name	WESTERN PACIFIC HOUSING INC,		

Legal Description

[REDACTED]

Mortgage Record

Recording Date	02/27/2006	Document #	[REDACTED]
Loan Amount:	\$155,854	Loan Type	Stand Alone Second
TD Due Date	03/01/2021	Type of Financing	
Lender Name	[REDACTED]		
Lender Type	Mortgage company		
Borrowers Name	[REDACTED]		
Vesting	Joint Tenancy		

Prior Transfer

Recording Date	08/21/2003	Document #	[REDACTED]
Price	N/A	Document Type	N/A
First TD	N/A	Type of Sale	
Mortgage Doc #		Interest Rate	
Lender Name	N/A		
Buyer Name	WESTERN PACIFIC HOUSING INC		
Buyer Vesting	CO		
Seller Name	N/A		

Legal Description

[REDACTED]

Preforeclosure Analysis: Prepared by Paul Stansen, Attorney

[Findings](#) | [Communications](#) | [Property Information](#) | [Loan Data](#) | [Valuation](#) | [Short Pay / DIL](#)

Paul E Stansen, a Professional Corporation / Troop Solutions, Inc. / All Digital with paperlessUSA, Inc. /



1234 Main Street
Simi Valley, CA 92065
APN 152-00-2323
Joe Homeowner
888.529.6632
Loan 07070707

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- [Loans Analyzed](#)
- [Valuation](#)
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Client(s) is/are **strongly advised** to consult a tax specialist or personal certified public accountant to discuss the tax reporting implications of whatever option is pursued in connection with the sale or other disposition of the property. Depending on which option is pursued, a homeowner / borrower could experience both recognition of ordinary income from the cancellation of debt AND capital gains.

Consider: [IRS FAQ re 1099 Income](#) - see also, [Publication 523 \(2006\)](#), [Selling Your Home](#).
 Also: [Instructions for Completing Forms 1099-A and 1099-C](#) (Issuance of 1099s)

888.529-6632 Fax 818-706-7728 PESAPC@Stansen.com Attorney's work is complete with this presentation; additional work we undertake is defined in separate fee agreement.

READ THESE REPORTS → [_Client Findings](#) [_Numeric Analysis](#) [_Timeline](#) ←

Loan Notes:

- Lenders are: **Same/Different**
- Contact Lender # 1 or 2 before the other
- TD-1 will permit \$1000 to TD-2 MAX
- Other ...



TRUST DEED - 1		TRUST DEED - 2	
Lender: URL	Countrywide Home Loans	Lender: URL	Countrywide Home Loans
Doc # xxx	Customer Service	Doc # xxx	Customer Service
Date xxxxxx	SVB-314	Date xxxxxx	SVB-314
Loan# xxxxx	P O Box 5170	Loan# xxxxx	P O Box 5170
Mortgage Statement	Simi Valley, CA 93062-5170	Mortgage Statement	Simi Valley, CA 93062-5170
	866-653-6183		866-653-6183
Payment Amount:	\$xxx - Interest only or PI	Payment Amount:	\$xxx - Interest only or PI
Outstanding	\$xxx - as of NOV 2007	Outstanding	\$xxx - as of NOV 2007
Principal:		Principal:	
Past Due Amounts:	\$xxx - as of NOV 2007	Past Due Amounts:	\$xxx - as of NOV 2007
Notes:	Promissory Note Interest Rate - xxx% Adjustable Rate Rider Impount T/I - YES/NO Prepayment - YES/NO	Notes:	Promissory Note Interest Rate - xxx% Adjustable Rate Rider Impount T/I - YES/NO Prepayment - YES/NO
NOD?:	YES xxxxxx /NO	NOD?:	YES xxxxxx /NO

Property - [_FULL Profile](#) [_Profile](#) [_History](#) [_Comps](#)
Tax Information: [County Assessor](#)
Purchase Data - [Recording Date: xxx](#)
Valuation - [_Purchase MLS](#) [_Current MLS](#)
[_CMA VALUE REPORT](#)

Property Characteristics ←
 Bedrooms : **3** - Bathrooms : **2.5**
 Year Built : **1978** - Square Feet : **1,270 SF**
 Lot Size : 3,049 SF / 0.070 AC
 Total Rooms : 5 Fireplace : 1 No of Stories: 2
 Use Code : Condominium (Residential)

AGENT

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CLIENT

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