

Frequently Asked Questions Regarding National Note Association's Principal Reduction Program:

1. A homeowner can apply online or through one of our Registered Affiliates or direct at www.NNAPrincipalReduction.com.

To become a Registered Affiliate you must go join National Note Association as a Gold Member at www.CertifiedNoteBroker.com. No exceptions to this requirement due to training requirements and the need for us to add staff for additional questions. Due to abuses after our generous proposal to include all licensees, we no longer accept affiliates based solely on their license status.

PLEASE NOTE. THIS IS A NEW PROGRAM. WE ARE CURRENTLY RUNNING ALMOST 750 MORTGAGES THROUGH OUR SYSTEM TO WORK OUT ANY PROBLEMS. WE ARE ACTIVELY LOBBYING CONGRESS AND THE FDIC FOR FAVORABLE TREATMENT AND ASSISTANCE. AS WITH ANY NEW PROGRAM, CONDITIONS AND REQUIREMENTS MAY CHANGE WITHOUT NOTICE.

2. Once a homeowner's request is submitted either directly at our website or via a NNA affiliate, NNA reviews or "underwrites" your situation and your mortgages to determine if you qualify for the program. You and your mortgages must meet certain loan criteria, for example:

- The amount of your first mortgage to current value of your home must be more than 125%.
- We look at the current value of your home versus the home location and market. Provide us proof of value if possible.
- The account must be in nonpayment status; if you are paying periodically or continuing payment, you may qualify for another program. Please note: **WE DO NOT, AND WILL NEVER ADVISE YOU REGARDING THE PAYMENT OF YOUR MORTGAGES. THIS IS A CONTRACT BETWEEN YOU AND YOUR LENDER AND NNA WILL NEVER INTERFERE WITH OR ENCOURAGE ITS NON-PERFORMANCE OR SUB-PERFORMANCE.**
- We look at your employment situation to determine whether you have had steady employment and are likely to remain employed. If you have been unemployed but now have a job, we try to determine if this will be a steady job.
- If you are self-employed, we need to look at 2 years of tax returns and documentation regarding your income.
- We encourage you to provide us and our lenders a "hardship" letter, which we will review.
- We review your credit not so much for your credit score, but to determine if you can clean up your credit in three years. If you have large IRS debts or judgments, you may not qualify.
- Your debt-to-income ratios must be under 50%.

3. There is a property owner fee of \$2,997 for one mortgage and \$3,497 if there are two mortgages on your property that we must purchase. The fee may vary for commercial properties due to the cost of the BPO or appraisal; please email us with property information to determine the costs on commercial property. The fee is fully refundable IF the bank refuses to sell us your mortgage notes.

4. Once accepted we start immediately negotiations with your lender to purchase your mortgage note(s). If we cannot accept you into the program, or if the lender refuses to sell us your mortgage(s) you will receive a full refund. If you are in a state where no up-front fees are allowed, the property owner will place one payment of the old mortgage in escrow with the title company we use in your area.

4. When we have a contract to purchase your mortgage note(s) from your lender(s) we order an updated title report (which will show ownership, all mortgages, liens, etc.) and we order either an appraisal or a broker price opinion ("BPO"). We do not pay off any liens or judgments against the property, so if there are liens or judgments, you may not qualify for the program. If you have paid for the program, but have not disclosed such liens or judgments in addition to ALL your mortgages, we may not be able to close AND we will keep your payment (whether paid up front or in escrow) because we will have performed valuable services.

5. Once the updated title report and the appraisal/BPO is returned and approved by us, we prepare our new note and mortgage and other documents required to be signed before a notary. We send our documents to a local title company in your community, or to your attorney per your directions, who will do the closing. If you use your attorney, you will pay your attorney's fees.

6. During the program, the homeowner/client will receive emails regarding the status of their file. Any questions should go through the Referring Affiliate who will contact us if they need to do so by email. If you requested our program direct, email us at info@NationalNoteAssociation.com

7. Any advance taxes or insurance premiums required for impound account will be rolled into new mortgage.

8. The new mortgage will be a three year balloon mortgage with a 13% interest rate plus 4 points. There will be no prepayment penalty. You must clean up your credit and qualify for a new loan in that three year time period. You will be able to refinance at the lower principal amount, which will lower your payments based on your credit history at that time. Most mortgage note purchases can be completed in 30 business days. If there are problems with the title report, or issues that come up during our purchase of the mortgages, this time may be affected.

9. A referring Affiliate will be paid 3% at the escrow closing held by either a title company or an attorney.