DEPARTMENT OF REAL ESTATE
PO Box 187000
Sacramento, CA 95818-7000
916 227-0770

April 17, 2009

Michael D. Imfeld, Attorney
2033 Big Ranch Road
Napa, CA 94558

Re: Advance Fee Agreement

This letter will acknowledge our receipt of the advance fee agreement and accounting format you submitted on behalf of Baycal Financial Corporation on April 1, 2009.

The Department has no objection to the broker's use of the advance fee agreement and accounting format as submitted.

Please note that any changes to the agreement or the accounting format must be submitted to the Department for review before it is used. Any promotional materials that the broker may subsequently wish to use will require our prior review, as well. This includes press releases and announcements related to the broker's advance fee activities.

This letter does not constitute, nor may the broker make any representation that the Department of Real Estate has endorsed or approved any aspect of the broker's business activities.

Sincerely,

Sylvia I. Yrigollen
Senior Deputy Commissioner
Advance Fee Review Section

C: Baycal Financial Corporation
Anthony C K Tsia, Designated Officer
111 Anza Blvd #308
Burlingame, CA 94010

RECEIVED
Dept. of Real Estate

APR 0 2 2009

ADVANCE FEE AGREEMENT FOR LOAN MODIFICATION SERVICES

MID ADVERTISING

This ADVANCE FEE AGREEMENT FOR LOAN MODIFICATION SERVICES (this "agreement") is made and entered into this _____ day of _____, 20____ , by and between the Real Estate Broker BayCal Financial Corporation (insert name) (the "Broker") and the Principal(s) _____ _____(insert name(s) of the borrower(s)/principal(s) represented in this agreement) (the "Principal") for the mortgage loan modification services as described herein.

A. PRELIMINARY MATTERS.

1. IMPORTANT NOTICES TO THE PRINCIPAL:

a. The amount or rate of fees specified in this agreement for services is not fixed by California law. Fees are set or established by each Broker individually and are subject to negotiation between the Principal and the Broker.

b. The Principal is compensating the Broker for services the Principal may be able to obtain at no charge from a housing counselor or by contacting the Lender(s) directly.

c. Brokers are licensed by the California Department of Real Estate. The Department provides public information regarding its licensees, including the current license status and applicable disciplinary history (if any discipline has been imposed or is pending). The Principal can search the Department's licensing information about the broker at www.dre.ca.gov, by selecting the box captioned "Real Estate License Lookup" and following the directions and entering the information required in the box titled "Public License Information."

d. California Civil Code Section 2945.1(b)(3) prohibits a Broker from claiming, demanding, charging, collecting or receiving any compensation or advance fee from a person whose residence is in foreclosure until all of the promised services have been fully performed and completed. THIS AGREEMENT MAY NOT BE USED AND SHOULD NOT BE EXECUTED BY THE PRINCIPAL IF A NOTICE OF DEFAULT HAS BEEN RECORDED AGAINST THE SUBJECT PROPERTY LISTED BELOW.

THE PRINCIPAL CERTIFIES BY INITIALING BELOW THAT THE PRINCIPAL HAS READ THE "IMPORTANT NOTICES TO THE PRINCIPAL" PROVIDED ABOVE, AND THAT A NOTICE OF DEFAULT HAS NOT BEEN RECORDED AGAINST THE SUBJECT PROPERTY.

_____Initials of Principal(s)

2. INFORMATION REGARDING THE LOAN(S) AND RELATED PROPERTY ("SUBJECT PROPERTY") FOR WHICH THE LOAN MODIFICATION SERVICES WILL BE PROVIDED:

Lender Name_____

Loan Account Number_____

Address of Property _____

_____

Description of Existing Loan Obligation(s) on the Subject Property_____

_____

_____

_____

2nd Lender Name_____

2nd Loan Account Number_____

B. Agreement.

In consideration of the mutual promises and agreements exchanged, the Broker and the Principal agree as follows:

1. **Amount and Payment of Advance Fee.** The Principal agrees to pay an advance fee of $3,500.00 (insert amount) to the Broker on the date this agreement is signed by the Principal, or within _____ days of the execution of this agreement by all parties.

2. **Deposit of Advance Fee and Accounting of Funds.** The Broker will deposit the advance fee into Broker trust account# 0039545868 (insert account number), located at Wells Fargo Bank 555 Twin Dolphin Drive, Suite 370, Redwood City, CA (insert name and address of depository). The Broker will provide a verified accounting of these funds to the Principal at the end of each calendar quarter following the execution of this agreement by the Principal, and at the completion or term nation of this agreement (whichever occurs first).

3. **Scope and Completion of, and Payment for, Loan Modification Services.** The Broker shall perform the following loan modification services (without limitation) for and on behalf of the Principal. It is understood by the parties that the list below is not exhaustive, and that not all of the services listed below may be relevant to the Principal's loan(s) on the subject property.

Phase I:

A. Interview the Principal, gather and review information about the current loan(s) and terms to include:

- Mortgage loan(s) principal balance, monthly payment amount, mortgage statements, loan documents, current interest rate, expected rate and/or payment adjustments, equity, loan(s) payment history and correspondence from the lender(s).
- Information about the Principal's income and assets, including:
- Paystubs, W2s, 1099s, benefit award letters, retirement and pension benefit statements, annuity statements, child support/alimony, tax returns, profit and loss statements, schedules of real estate owned, stock and mutual fund portfolio statements, bank statements, proof of any other income.
- Information about the Subject Property, including:
- Property profile, comparable sales, active listings, current property listings and other applicable documents.
- Information about the Principal's ability to repay the loan(s), including:
- Credit history, hardship circumstances, financial profile (assessment of income, assets, expenses and housing debt to income ratio).

B. Assist the Principal in preparing a hardship summary/letter.

C. Prepare and submit loan modification request and package of supporting documents to lender(s).

D. Completion of Phase I Services. The Broker will complete these Phase I services by _____ (insert date), and in no case later than 30 calendar days from the date this agreement is made, as first above written.

E. Payment for Phase I Services. The Broker shall be entitled to 25 percent (but in no event more than 25 percent) of the advance fee (which entitlement percentage for Phase I services equals $875.00)for the performance of the applicable and relevant services described in Phase I (and others as may be necessary and/or appropriate).

Phase II:

Phase II services are focused on the Broker's efforts to vigorously and successfully seek through the Lender(s) an offer to the Principals (which offer shall be assessed by the Broker and clearly explained to the Principals) of proactive loan modification solutions which will provide the Principals with the opportunity to remain in the Subject Property while making affordable loan payments.

A. Contact the Lender(s) to discuss/negotiate the loan modification request(s) and package of supporting documents.

B. Communicate regularly with the Lender(s) to attempt to negotiate new, and more favorable, loan terms on

behalf of Principal.

C. Assist the Principal in understanding and deciding about the modification terms offered by the Lender(s).

D. Successfully negotiate and/or accomplish a loan modification for the Principal. "Successful loan modification performance" by the Broker shall have occurred if the Principal accepts one or more of the loan modifications set forth below:

- Change adjustable interest rate to a fixed interest rate
- Reduce fixed interest rate to a lower fixed interest rate
- Reduce balance of the principal amount of the loan
- Reduce adjustable interest rate / reduce CAPS of adjustable interest rate
- Stop upward adjustment of adjustable interest rate
- Arrange for the delinquent payment amounts to be added to the end of loan
- Arrange for the delinquent payment amounts to be added to a longer loan period
- Arrange for the delinquent payment amounts to be accepted in an alternative payment plan
- Eliminate or reduce the delinquent payment amounts
- Arrange for the lender to accept a discounted pay-off or forbearance

E. **Completion of Phase II Services**. The Broker will complete these services by _____ (insert date), and in no event later than 90 calendar days from the date this agreement is made, as first above written.

F. **Payment for Phase II Services.** The Broker shall be entitled to 75 percent of the advance fee (the remainder of the advance fee not earned and paid for Phase I services (which entitlement percentage for Phase II services equals $2,625.00 only for the "successful loan modification performance" of these Phase II services as described in Phase II (section d above).

G. **Refund of Advance Fee Until Earned.** The advance fee paid by the Principal is fully refundable until earned by the Broker. If any of the agreed upon services are not completed by the Broker by the agreed upon completion date(s), the unearned portion of the advance fee will be refunded to the Principal within 5 business days. If this agreement is terminated by the Principal before the agreed upon completion date and before the agreed upon services are completed, the unearned advance fee will be refunded to the Principal within 5 business days.

H. **Responsibilities and Obligations of the Principal.** The Principal agrees to furnish the Broker with truthful and accurate information and any documents that will be required by the Broker and the Lender(s) to assess the Principal's financial status, including (without limitation) the following:

- Mortgage Statements-past three months
- Paystubs - past two pay periods
- W2 forms, 1099 forms, and/or Tax Returns-past 2 years
- Profit and Loss Statements-past 2 years (if self employed)
- Bank Statements-past 2 months
- Verification of any other income, Benefit Award Letters, Retirement Statements, Pension Benefit Statements, Annuity Statements, Child Support/Alimony
- Schedules of Real Estate owned, Stock and Mutual Fund Portfolio Statements
- Authorization for the Broker to obtain Principal information from Lender

The Principal also agrees to provide additional information or documentation within 5 days of the Broker's request. The Principal further agrees to immediately notify the Broker of any change in the Principal's address.

I. **Reasonable Efforts/No Guarantees.** The Broker will make reasonable efforts to conclude a "successful loan modification performance" as described in Phase II above. However, the Principal acknowledges that the Broker cannot guarantee that the Principal's existing lender(s) will agree to a modification of the loan(s),

and that Principal's existing lender(s) is not obligated to modify the terms of the loan(s) in any way and may not agree to any changes in the loan(s).

J. **Governing Law.** This agreement shall be governed by and construed under the laws of the State of California.

K. **Amendments.** Except as set forth herein, this agreement may not be amended or modified orally and no provision of this Agreement may be waived or amended except in a writing signed by the Principal and the Broker.

L. **Severability.** If any provision in this agreement is determined to be invalid, illegal or otherwise unenforceable, the determination will not affect any other provision of this agreement. The invalid provision will be severed from this agreement and all remaining provisions will continue to be in full force and effect.

M. **Termination of Agreement.** Either the Principal or the Broker may terminate this agreement at any time for any reason upon written notice to the other party. At the time of termination, all earned but unpaid fees for completed services (as set forth and described in provision number 3 of this agreement) become due and payable.

N. **Dispute Resolution.** The parties to this agreement will endeavor to resolve any disputes or disagreements between them with respect to or concerning this agreement in a fair and amicable manner. However, if the parties are unable to resolve any such disputes between and/or among themselves (whether in law or equity), the parties expressly agree to binding, neutral arbitration in accordance with the California Code of Civil Procedure with any recognized California arbitration service. Said binding arbitration shall be the exclusive dispute resolution mechanism for seeking legal redress under this agreement. The arbitration hearing shall be conducted pursuant to the California rules of evidence and shall occur in the county where the Subject Property is located. The parties agree to share equally the costs of any such arbitration. Reasonable attorney's fees and costs shall be awarded to the prevailing party.

O. **Time of Essence.** Time is of the essence with respect to every provision of this agreement that specifies a time for performance.

P. **Entire Agreement.** Except as otherwise provided by section 2970 (b)(4) of Title 10 of the Code of Regulations, Chapter 6 (Real Estate Commissioner's Regulations), this agreement constitutes the entire agreement and a complete and exclusive expression of the parties' agreement respecting the loan modification services contemplated. Except as conditioned above, this agreement may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement.

Q. **Assignment.** No assignment by the Principal or the Broker of this agreement, or of any rights or obligations hereunder, shall be valid without the prior written consent of all of the signatories to this agreement.

R. **Acknowledgements and Representations.** The parties signing below acknowledge they have read and understood this agreement and have each received a copy. The Principal(s) warrants that he/she/they have the authority to enter into this agreement with regard to the Subject Property and loan(s) herein described.

Name(s) of Principal(s)	**Signature**	**Date**
Name(s) of Principal(s)	**Signature**	**Date**
Name(s) of Principal(s)	**Signature**	**Date**
Name(s) of Principal(s)	**Signature**	**Date**
Name(s) of Principal(s)	**Signature**	**Date**
Broker/Designated Officer Name	**Signature**	**Date**

VERIFIED ACCOUNTING FOR ADVANCE FEES

Broker (Corporation) Name: BayCal Financial Corporation
Broker Address: 2001 Gateway Place, Suite 455-E, San Jose, CA 95110
Broker Trust Account #: Trust Acct. # 0039545868
Depository: Wells Fargo Bank: 555 Twin Dolphin Drive, Suite 370, Redwood City, CA 94065
Principal Name:
Principal Address:
Lender Name:
Loan Account Number:
2nd Lender Name:
2nd Loan Account Number:

Advance Fee Accounting				
Advance Fee Amount Received	From (Principal)	Date Received	Date Deposited in trust account	Balance
$3,500.00				

Services Performed by broker	Date Performed	Amount of fee allocated	Date Disbursed	Balance
All phase I services including: Loan modification package submitted to lender at (address): Loan modification package submitted to 2nd lender at (address):				
All phase II services including successful loan modification				

I hereby represent and attest that this is a true and accurate accounting.

Signed Date

Broker Name License ID Number