

EXHIBIT Z

ADDENDUM TO MEDIATOR'S STATEMENT

Assessor Parcel Number (APN): [REDACTED] REDACTED
TS#: [REDACTED] DoT: [REDACTED] Bk/Inst: [REDACTED] REDACTED
Property Address: [REDACTED] REDACTED

HOMEOWNERS: [REDACTED] REDACTED
LENDER: BAC Home Loans/Countrywide
TRUSTEE: Recontrust Company

Mediation was held on Friday, January 29, 2010. Homeowners (HOs) [REDACTED] were present and accompanied by Melissa Davis. Lender BAC Home Loans was represented by Heather Hudson, Esq. of Pike Duncan, LLP (in person) and loss mitigation specialist Steven Huecker (on phone from Lancaster, CA). Co-mediator Jeanette Belz was also present.

REDACTED

Homeowners provided required financial information, including tax returns and bank statements, and home affordability worksheet. Homeowners stated their desire to retain their residential property under an affordable loan modification, or alternatively if retention not possible, then a short-sale agreement under terms that would allow them to occupy the residence until their 9 and 11 year old children could finish the semester.

Lender provided copies of note and deed of trust, though not properly certified. Lender provided no assignments. Lender provided a BPO in lieu of appraisal. Lender did not provide required estimate of short-sale value nor the required evaluative methodology or criteria used to determine the HOs eligibility for loan modification.

Notwithstanding Lender's failure to comply with production of required documents and information, under reservation of objection rights HOs elected to use the mediation time available to explore possible options for resolution.

As background, HOs recalled the economic conditions that led to delinquency/default as well as [REDACTED] yearlong efforts to establish communication with Lender for relief. A tile-setter, [REDACTED] of necessity left Reno to find work in Los Angeles. [REDACTED] returned in November to assist his wife in efforts to resolve foreclosure issues. [REDACTED] income dropped significantly on his return. As a result, the last 60 days [REDACTED] income was substantially reduced such that retention through loan modification became less realistic and a non-retention short-sale agreement (SSA) option became the focus of their consideration.

REDACTED

REDACTED

REDACTED

As a short-sale option, Lender proposed a 90-day listing period from February 7 to May 7, 2010 with the requirement that \$100,000 net proceeds be realized on sale. At the same time, the Lender stated its intention to properly notice and proceed with a foreclosure sale on May 7, the 90th day. Lender stated willingness to consider a "deed in lieu" (DIL) application if HOs applied for same by May 3 and if necessary to stay sale pending a final determination on HOs' application. Lender also reserved right to pursue any deficiency against HOs.

In response to HOs' request for a sale arrangement that would allow them to occupy until July 1 for the end of school year, Lender stated that as an "occupancy" forbearance in conjunction with either SSA or DIL arrangements, it would allow occupancy until July 1 upon HOs' payments of \$700 per month starting March 1.

Lender's proposed non-retention options were twofold: either an SSA or a DIL, both with an agreed foreclosure sale date of May 7, and apparent willingness to include a \$700 per month "occupancy" forbearance payment within the context of SSA and/or DIL arrangements. The Lender's proposals were internal program options. Lender did not offer available Federal-sponsored options, such as HAMP or HAFA.

At the end of the mediation, Lender prepared and presented the attached written agreement, which the HO's signed. The agreement added "c/o MERS", a party not recognized in Nevada for standing purposes.

Notwithstanding the HO's/Lender agreement, in my view the Lender's participation in the mediation was not in good faith for reasons summarized below.

When a Lender initiates foreclosure proceeding against HO's residential property, the intended singular benefit for the HO's is the Nevada Foreclosure Mediation Program's mandated stay of foreclosure until completion of mediation that requires good faith participation by both parties and issuance of a certificate by the Program's administrator necessary for foreclosure to proceed. The mediation's emphasis is evaluating HO's potential to retain their residence through affordable loan modification, but failing that, to also consider non-retention options.

To facilitate an effective mediation, applicable NV statutes and implementing rules require that HO's disclose financial information, including tax returns, bank statements and proof of income, as well as complete a housing affordability worksheet. The NV program's required HO's disclosures parallel those of Federal programs.

For its part, a Lender must provide originals or certified copies of mortgage note, deed of trust, and each assignment thereof, as well as an appraisal not more than 60-days old, an estimate of "short sale" value it is willing to consider as a non-retention option and in confidence, an evaluative methodology or criteria Lender uses in determining the eligibility of HO's for a loan modification.

Applied to the facts of this case the HO's have complied with disclosure requirements and participated in good faith. The Lender has failed to disclose required documents and information and failed to participate in good faith.

At the outset the Lender failed to provide required documents and information. Moreover to everyone's surprise after 3-plus hours into the mediation session, Lender stated that the initial adjustable-rate 2006 loan had been modified to a permanent fixed-rate loan in May 2008, months before the HO's delinquency in August 2008 and that it had a document evidencing the modification. The Lender did not provide a copy of the modified note stating that mediation rules obligated it to produce only the original note, not the modified note.

If the original loan with an initial 7.650% interest rate, adjustable thereafter every 6-months, was modified to a permanent fixed-rate in May 2008, the evidence was to the contrary. The Lender's 2009 billing statements to HO's continued to require payments based on varying interest rate adjustments well above 7.650%.

The Lender's approach and proposals in mediation will achieve a foreclosure sale as promptly as possible. Lender's 90-day listing limitation is an unrealistic period in the Reno/Sparks market area. Lender intends to notice and proceed to foreclosure sale within the same 90-day period. Using a 90-day listing period, Lender's BPO states the likely sale price would be \$100,000. Lender's SSA proposal requires \$100,000 as net-sale

proceeds. Thus, Lender's conditions will require a selling price substantially higher than its own market estimate in order to cover all closing fees and costs to achieve that net.

Lender's "occupancy" forbearance on \$700 monthly payments credits income [REDACTED] might expect to earn upon return to LA, but those same earnings the Lender refuses to credit for consideration of a loan modification. Lender's failure to disclose loan modification qualifying methodology prevents examination of its reasoning.

REDACTED

Loss of HO's residence by foreclosure sale will result from Lender's proposal given the Reno-area's current real estate inventory and market sales-price statistics. The prompt loss is aided by Lender's illusory promise that, in its sole discretion and time frame, it may consider a short-sale for less than net proceeds of \$100,000 or a DIL only if agreed to prior to Lender's foreclosure sale on May 7.

HOs have been anxious, frustrated and at risk because of Lender's failure to respond to HO's repeated requests when economic difficulties arose. HO's will remain so because Lender initiated foreclosure procedure, did not respond rationally or reasonably in mediation, and under stressful conditions obtained an agreement from HO's to allow foreclosure sale to proceed on May 7.

In sum, the attached SSA was entered into by HO's under the duress of "Boulware-like" bargaining strategy and a "take it or leave it" basis of Lender that does not allow HO's to retain their residence even temporarily, but will dispossess the HO's as soon as possible. Lender's strategy and tactics do not qualify as good faith participation in the mediation process.

Neither Lender's retention nor non-retention proposals are consistent or compatible with HO's stated desire to retain their home on an affordable basis or the statutory purpose of mediation contemplated under provisions of NRS Chapter 107, as amended in 2009, and implementing rules issued thereunder, to meaningfully explore definite terms and conditions in an effort to reach potential retention of HO's residence through an affordable loan modification.

Under the circumstances of this case, I find that the Lender failed to participate in mediation in good faith as evidenced by its failure to produce required documentation and information, the lack of serious retention proposal, and the nature of and take-it-or-leave-it basis for its non-retention proposals. Thus, it is my conclusion that Lender did not satisfy mediation requirements sufficient to warrant the issuance of a certificate authorizing foreclosure to proceed.

It is also my conclusion that if any efficacy is accorded the HO's/Lender short-sale agreement, a certificate authorizing further foreclosure proceeding should not be issued until after May 7, 2010, the present end-date for short-sale listing opportunity. The agreed-on parallel provisions for a noticed foreclosure sale on May 7 will compromise realistic chances to achieve a short-sale before foreclosure.

Finally, though beyond the scope of mediation, it should be noted that on background HO's raised serious, substantive issues regarding predatory lending practices in 2006 based on HO's understanding that an initial fixed-rate loan had been arranged, and a subsequent agreement between the Nevada Attorney General Office (NAGO) and various lenders in 2008 requiring loan modifications to be offered in circumstances such as HO's, all of which suggests this case should be referred to NAGO for review.

Dated this 29th day of February 2010 by Paul H. Lamboley
Paul H. Lamboley, Mediator