

FIRST MORTGAGE BROKERS
 REPORT OF EXAMINATION
 AND
 EXAMINER'S QUESTIONNAIRE

Date of Examination: DECEMBER 1, 1997 License Number 2503
 Name of Licensee: FINANCIAL RESOURCES AND ASSISTANCE, INC.
 Address: 15 NORTHVIEW DRIVE, MEREDITH, NEW HAMPSHIRE 03253

GENERAL

Type of Examination:
 First Mortgage Banker NO Broker YES Both NO

Exact location of office: ROUTE I-93 TO EXIT 23 (ROUTE 104). EAST ON ROUTE 104 TO ROUTE 3 IN MEREDITH. SOUTH ON ROUTE 3 PAST ROUTE 106 (PARADE ROAD) NEAR TOP OF THE HILL, LEFT ONTO NORTHVIEW DRIVE TO THE END. NORTHVIEW DRIVE IS NEXT TO MEREDITH SQUARE.
 Office hours: 9:00 A.M. TO 5:00 P.M.

Describe briefly the general plan of question: LOCALLY OWNED BROKERAGE FIRM WITH A SIZEABLE VOLUME OF LOANS GENERATED. 70% OF ITS BUSINESS IN 1996 WAS IN THE SUB-PRIME MARKET. IT DEALS MAINLY WITH FIVE LENDERS.

Loans brokered by licensee in last calendar year from the Annual Report
 No. 122 \$ 11,193,570

Loans brokered during the current calendar year.
 No. NOT YET TALLIED \$ NOT YET TALLIED. FIGURES WILL BE COMPILED NEXT MONTH FOR CALENDAR YEAR 1997.

Does licensee appear to be operating its business in a lawful, honest and fair manner? YES.

Does the licensee operate through an agent or other representative? No.

Are there any suits pending against the licensee with regard to its New Hampshire brokerage activity? No.

Does the broker negotiate VA and FHA loans? No.
 If so, estimate percentage, based on number of loans of its business in such loans.

VA N/A FHA N/A Other 100%

LICENSE

Principal office license Yes or branch office license No ?

Is license conspicuously posted in office? Yes Where? ON THE WALL
NEXT TO RECEPTIONIST DESK, OUTSIDE CONFERENCE ROOM.

Is this person or company required to hold a broker license and/or banker license? A MORTGAGE BROKER LICENSE IS REQUIRED. A MORTGAGE BANKER LICENSE IS ALSO HELD BUT HAS NOT BEEN USED TO DATE.

Is licensee a subsidiary of a bank or bank holding company? No.
List name and address of bank or holding company? N/A

Does licensee operate from other locations in this state? No.
If so, list locations: N/A

Is this license for an agent location? No.

Is the address on the license the current address of the licensee? Yes.
If not, has a location amendment been made by the Banking Department? N/A.

Has there been a change in the trade name? No.

Has there been a change in ownership of the business? No.

Does the company broker second mortgage loans? Yes.

Does the company broker commercial loans? Yes.

RECORDS

Are records and files of the licensee adequate to permit an examination that will determine if the licensee is complying with the provisions of RSA 397-A?

Yes.

RECORDS (CONTINUED)

Where are records and files maintained? LICENSEE HEADQUARTERS IN MEREDITH.

Are records kept at least 18 months? YES, 24 MONTHS FOR OPEN FILES.

Are computer records maintained? YES, WORD PROCESSING AND GENERAL LEDGER.

Are copies of paid vendor invoices available for expenses incurred on the behalf of applicants? YES, THEY ARE KEPT IN THE ACCOUNTING DEPARTMENT.

MISCELLANEOUS

Has the licensee violated any law, rule or standard business practice? No.
List detail, if any? N/A.

List the loan repayment plans in use as of the examination date: REGULAR MONTHLY PAYMENTS WITH FULL AMORTIZATION, FIXED INTEREST RATES PREDOMINATE CONVENTIONAL LOANS; ADJUSTABLE RATES PREDOMINATE SUB-PRIME LOAN.

Was the Annual Report properly and timely filed?
REPORT WAS PROPERLY FILED BUT WAS 16 DAYS LATE.

Do special arrangements need to be made for a regular examination? YES.
List instructions below: LICENSEE SHOULD BE CONTACTED IN ADVANCE BY PHONE TO ARRANGE THE EXAMINATION DATE.

Is the manager aware of the new requirements regarding company response to consumer complaints?
YES.

VIOLATIONS

	# of Violations	Dollar Amount of
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total Violations	# <u> — 0 —</u>	<u> — 0 —</u>

VIOLATIONS (CONTINUED)

Detail any other violations of law, rules or standard business practice:

LICENSEE RECEIVED A SMALL LOAN LICENSE IN 1996.
PRESIDENT FARAH STATED IT HAS NOT YET MADE ANY LOANS
UNDER THIS LICENSE.

COMMENTS, RECOMMENDATIONS AND CONCLUSIONS

THIS LICENSEE, IN MY OPINION, IS CONDUCTING ITS FIRST
MORTGAGE BROKERAGE BUSINESS IN CONFORMITY WITH THE
PROVISIONS OF RSA 397-A.


EXAMINER

FIRST MORTGAGE BANKER AND BROKER

EXECUTIVE OFFICER BROKER QUESTIONNAIRE

Name of Licensee FINANCIAL RESOURCES & ASSISTANCE, INC.

Examination Date DECEMBER 1, 1997 License Number 2503

1. Name of office manager: Scott FARAH
List other employees with titles, who work in this office.

Suzanne Robinson office Manager
Donna Gore Underwritten

2. If licensee is affiliated with another business entity, list name, address and type of business, and nature of affiliation.

NO

3. Provide the examiner with the following for this location only: Numbers _____ and \$_____ volume of loans brokered since January 1st of current year.

I will be doing my Annual Report next month

4. In your capacity as a broker, do you: with this info.

(A) Act as an intermediary, Finder, or Agent of a Lender or Borrower to negotiate, arrange, find, or procure First Mortgage Loans, or commitments for First Mortgage Loans?

Yes

(B) Offer to serve as Agent for any person in an attempt to obtain a First Mortgage Loan?

Yes

(C) Offer to serve as Agent for any person who has money to lend for a First Mortgage Loan?

Yes

5. If the licensee is under any regulatory action by either state or federal authorities, please provide details.

NO

6. Do you ever co-broker loans with another licensed broker in New Hampshire?

NO

7. Detail the records or files maintained by the licensee.

closed files on record for more than 24
months dead files on record for more than
12 months

8. To what extent does the licensee get involved in processing the application?

All VA's and Appraisals and credits

9. Does the licensee broker VA and/or FHA loans?

ordered in our name

NO

10. Does the licensee broker second mortgage loans?

Yes

11. List the names and addresses of all originators who broker loans for this office:

Scott Farnh Suzanne Robinson Karen Hegner

Bill Forsythe

Don Farnh Donny Gore Dan Ferelli

12. Provide a list of all independent agents who are exclusive to your business under written contract and are therefore exempt from licensing under RSA 397-A:4, VII.

NONE

13. Provide the names and addresses of all finders with which the licensee does business.

NONE

14. List the investors with whom the licensee arranges loans for its clients.

MAJOR Investors ARE

15. Does the licensee have any suits pending against it initiated by applicants?

NO

16. Does the licensee have a copy of RSA 397-A, First Mortgage Banker or Broker law?

Yes

17. Is any advertising done from this office? If yes, provide a copy or sample of such advertisement.

Direct Mailers

FINANCIAL RESOURCES, INC.

15 NORTHVIEW DRIVE • P.O. BOX 1158 • MEREDITH, NH 03253
(603) 279-1133 • FAX (603) 279-5912

Banking/Broker License

NH-2503
FL-059491
OK-0266
NC-1170
CO-19971064877

Dear Homeowner:

Financial Resources, Inc. wants to help you restructure your debt and possibly help you save hundreds of dollars per month. Designed to help homeowner's who may be experiencing some temporary financial difficulties, Financial Resources, Inc. has created a program to help you reestablish your finances by consolidating debt, paying off tax liens and even receiving additional cash back. We specialize in servicing people with "less than perfect" credit and have numerous funding sources to utilize.

Please call me, or my assistant Karen Hegner, at 1-800-950-6913 to discuss a possible refinance. In addition to our regular office hours, you can reach Karen on Saturdays from 9:00am to 1:00pm. Our FREE pre-qualification process usually takes 48 hours. Again, there is no fee or obligation for this service. Unfortunately, we do not have programs for mobile homes.

I look forward to hearing from you, and helping you to restructure your current financial situation.

Sincerely,



Donna M. Gore
Mortgage Loan Officer

P.S. YOU COULD SAVE HUNDREDS OF DOLLARS PER MONTH!

P.S.S. IF YOU WOULD LIKE TO UTILIZE OUR QUICK PRE-APPROVAL, COMPLETE THE QUESTIONNAIRE ON THE BACK AND EITHER FAX IT TO 1-603-279-5912 OR MAIL IT TO THE ABOVE ADDRESS.

RATE LOCKS

1. Does your company offer rate locks? *Yes* If not, stop here on this section.

2. Is a fee charged to lock a rate? *Yes* If yes, state percentage or dollar amount.
1 % \$ _____

3. Estimate the percentage of your applicants that pay a rate lock fee either at origination or during the application processing procedure. 15 %

4. Is the company rate lock policy made known to applicants at the time the rate lock is confirmed? *Yes* If in written form, attached a copy of the policy.

5. What are the time periods for rate locks currently being offered customers?
45 - 60 DAYS

6. A. Is the rate lock fee refunded if the loan does not close?

B. State the company policy if the loan does not close within the rate lock period. *Yes*
is extended if Borrowers fault it is not extended rate lock

C. Is a rate lock expiration date ever extended? *Yes*

7. Estimate the percentage of rate lock granted that expired before the loan was closed in the previous twelve months?
5 %

8. Has the company received any applicant complaints in the event of rate locks not being honored? *NO* If yes, estimate the number of such complaints for the previous twelve months. 0 %

9. Does the company negotiate loan rates if the applicants' rate locks have expired and rates have risen?

Yes

10. Are denial letters mailed on declined applications?

Yes

FEEES

1. A. List any fees required during the loan application approval process and the dollar amount.

No up front fees to Financial Resources 250 - 300 fee Appraisal 50 fee Credit

B. If fees are prepaid, what is the company policy on refunding such fees in the event the loan does not close?

N.A.

C. Is the policy on refunding of fees clearly explained at the time of application? Is a written statement given to the applicant?

N.A.

2. If a commitment fee is required upon loan approval, is the applicant so advised at the time of application?

NONE

3. Are checks used for payments of all types of fees processed and deposited promptly?

Yes

4. Does the company deposit fee monies received in a separate depository account?

NO

5. Are applicants made aware in advance of all monies required at closing for deposits and costs that are not strictly related to settlement charges, such as interest and tax escrow?

Yes

Most clients now pay the Appraiser directly therefore we collect ~~the~~ very few Dollars in fees during the loan process

CERTIFICATION UNDER OATH

SCOTT FARAH, being duly sworn, deposes and says that he/she is President and that the foregoing answers are true and correct in all respects to the best of his/her knowledge and belief.



Title: President

NAME

APP LIC AT ION	DATE ORIGINAL AMOUNT	NOTE	R A T E	T E R M	M A T R I	H D D I	P O I N T S	T I L	A P P R	R E T O C A N C E L	G F E	APPRAISED VALUE	INSURANCE TYPE	HAZARD
✓	10-24-97		A								✓	117,000		
	30,000		8.27	360		✓	5				✓	10-06-97		
✓	3-19-97		A								✓	77,000		
	50,050		10 ³ / ₄	360		✓	2				✓	2-04-97		
✓	2-21-97		A								✓	72,000		
	55,500		11.49	360		✓	3 ¹ / ₂				✓	12-31-96		
✓	12-17-96		A								✓	829,000		
	592,000		6 ⁵ / ₈	360		✓	1/4				✓	11-26-96		
✓	3-16-97		F								✓	330,000		
	130,000		7 ³ / ₄	120		✓	0				✓	2-13-97		
✓	7-25-97		A								N/A	41,000		
	32,800		13	100		✓	5				✓	7-09-97		
✓	9-11-97		A								✓	186,000		
	148,800		9 ¹ / ₂	360		✓	2 ¹ / ₂				✓	4-23-97		
✓	2-14-97		A								✓	63,000		
	35,750		11.49	360		✓	3				✓	1-10-97		
✓	7-03-97		F								✓	207,000		
	161,200		8 ³ / ₈	360		✓	2 ¹ / ₂				✓	6-11-97		
✓	8-05-97		F								✓	77,000		
	21,250		7 ⁷ / ₈	360		✓	2				✓	7-19-97		
✓	11-06-97		F								✓	100,000		
	70,000		7 ⁷ / ₈	360		✓	1 ¹ / ₂				✓	10-10-97		
✓	9-29-97		F								✓	132,000		
	118,800		8 ⁵ / ₈	360		✓	1				✓	9-02-97		
✓	7-21-97		F								✓	134,000		
	56,400		7 ⁵ / ₈	180		✓	1/4				✓	6-27-97		
✓	9-04-97		A								✓	118,000		
	94,400		8 ³ / ₄	360		✓	3				✓	8-15-97		
✓	4-08-97		A								✓	48,000		
	40,800		10 ³ / ₈	360		✓	3 ¹ / ₂				✓	3-18-97		

NAME	APPRAISAL FEE	REDIT REPORT FEE	ATTOR-NEY FEE	TITLE INSURANCE	RECORD-ING FEE	SETTLEMENT AGENT
	-0-	-0-	800	150 L	MTG 44.32	
	-0-	-0-	600	202 L	MTG 40.32 REL 34.64	
	-0-	-0-	650	212 L	MTG 52.32 REL 51.96	
	-0-	-0-	400	645 L	MTG 40.52 REL 17.32	
	250 (POC)	50 (POC)	100	352.50 L	MTG 56.32 REL 17.32	
	275	-0-	500	50 L	DEED 14.32 MTG 20.32	
	-0-	50	600	385.75 L	MTG 44.32 REL 17.32	
	-0-	-0-	600	175 L	DEED 16.32 MTG 52.32	
	250 (POC)	50	850	333.50 L	MTG 32.32 REL 17.32	
	250 (POC)	50 (POC)	500	219 L	DEED 16.32 MTG 40.32	
	300 (POC)	50	600	215 L	MTG 40.32 REL 17.32	
	275	50	500	308.25 L	MTG 40.32 REL 34.64	
	250 (POC)	50	600	189 L	MTG 40.32 REL 17.32	
	(2 UNIT) 500	-0-	500	290 L	MTG 64.32 REL 17.32	
	-0-	-0-	700	150 L	MTG 56.32 REL 34.64	

NAME

LENDER

BROKER FEE

YSP

600

2 POINTS PLUS 1500 PAID BY BORROWERS TO LICENSEE - 5 POINTS

YSP

1,000

2 POINTS PLUS 1,000 PAID BY BORROWERS TO LICENSEE - 2 PTS

YSP

1,387.50

2.5 POINTS PLUS 1,942.50 PAID BY BORROWER TO LICENSEE - 3.5PTS

YSP

7,175

1-22 POINTS

2,112.50

1.625 POINTS

YSP

NONE

984 PAID BY BORROWERS TO LICENSEE - 3 POINTS

YSP

2,976

2 POINTS PLUS 3,720 PAID BY BORROWERS TO LICENSEE - 2.5PTS

YSP

1,072.50

3 POINTS PLUS 1,072.50 PAID BY BORROWERS TO LICENSEE - 3PTS.

YSP

3,402

2.11 POINTS (OTHER 2.5 POINTS PAID TO LENDER)

YSP

1,425

2 POINTS PLUS 1,425 PAID BY BORROWER TO LICENSEE - 2 POINTS

YSP

NONE

525 PAID BY BORROWER TO LICENSEE - 3/4 POINTS

YSP

4,306.50

3.625 POINTS PLUS 1,188 PAID BY BORROWER TO LICENSEE - 1 POINT

YSP

493.50

.875% OF A POINT PLUS 141 PAID BY BORROWER TO LICENSEE - 2.5PT.

YSP

NONE

2,832 PAID BY BORROWER TO LICENSEE - 3 POINTS

YSP

NONE

1,428 PAID BY BORROWER TO LICENSEE - 3.5 POINTS

UNIFORM MORTGAGE INFORMATION GUIDE
TO OBTAINING A HOME MORTGAGE

This disclosure is required to be provided to you when you obtain a mortgage loan application by New Hampshire law. A free copy of this statement can be obtained upon request from any lender at any time. It is designed to help you understand the home mortgage application and approval process, and the practices common to mortgage lending in the State of New Hampshire. For a more detailed explanation of the terms used in this statement, please refer to the glossary.

FILING A MORTGAGE APPLICATION: As a borrower, you will be asked to fill out a mortgage application. However, in order to determine what best suits your needs and circumstances, you should ask questions and carefully study the various types of mortgages, terms and practices, which vary from lender to lender. Many types of mortgages are available. Two of the most common are Fixed and Adjustable Rate Mortgages. An example of a practice you may encounter is interest rate commitment or rate-lock agreement.

At the time of application, it will be helpful to have available supporting documents and information, such as the signed Purchase and Sale Agreement, account numbers for each of your deposit accounts, information on income, outstanding loans, real estate holdings and any other information the lender may require. An application fee will be required.

THE MORTGAGE APPROVAL PROCESS: Once the application form has been filled out, the lender will make a decision based upon your credit-worthiness and the property's value by considering the following:

YOUR ABILITY TO REPAY THE LOAN: This is determined by evaluating the information you furnished on your application, verifying your place and length of employment, your deposit accounts and other assets, your income from employment and other sources, and your rental income and expenses, if any.

YOUR WILLINGNESS TO REPAY THE LOAN: This is determined by checking your credit history through a credit bureau, your loan references with other creditors, and the history of your residency and mortgage or rental payments.

WHETHER THE VALUE OF THE PROPERTY IS SUFFICIENT TO SECURE THE LOAN: This is determined by obtaining an appraisal of the property, confirming that the loan-to-value ratio requirements are met and in the case of a construction loan, by approving the plans. You may request a copy of the appraisal report.

In addition, a lender may require that the terms and conditions of the loan satisfy secondary mortgage market requirements. As further conditions for approval the lender may also require that you obtain private mortgage insurance, title insurance, and that you pay your taxes, betterments and/or insurance into an escrow account.

When the lender has a completed application package, you most likely will be sent a letter offering you a mortgage loan on the terms you requested or on somewhat different terms. This letter is known as a counter-offer. If the application is approved and you find the terms of the commitment letter acceptable, you must accept those terms in writing. However, the lender may send you a letter denying the mortgage loan. If the application is denied, the lender must notify you and give an accurate and specific reason(s) for the denial.

TIME PERIODS FOR NOTICES AND DISCLOSURES: In general, the overall time period from date of application to closing is approximately 4 to 6 weeks. Certain other factors, however, may cause delays. During this time several notices and disclosures must be provided to you.

Within three business days of application, you will be given the RESPA and the Truth-in-Lending disclosures.

The lender must inform you of the status of your application no later than 21 business days from the date of application. By that time the lender must either:

1. Approve or deny your application. In this case you will be given no further notices on the status of your application.
2. Mail or deliver to you an oral or written statement that your application is not substantially complete and indicate the following: what verification information it requires to make a decision on your application; what information has been received but is not complete; and what information has not been received. If you receive this type of notice, then, after the lender receives the missing or incomplete information, you will receive a notice that your application is complete or be informed of the lender's decision on your application. This may be an approval, a denial, or a counter offer.

3. Give you written notice informing you that your application is substantially complete but that more information may be required by certain third parties. If you are sent this type of notice, you will receive within thirty (30) days a letter informing you of the lender's decision on your application. This may be an approval, a denial, or a counter-offer. If the application is denied, under the Equal Credit Opportunity Act an adverse action notice must be sent within 30 days stating specific and accurate reason(s) for the action taken. A counter-offer, that is not accepted by the borrower, extends the notice period to ninety (90) days. You will also be notified as to whether you may appeal the decision to a Mortgage Review Board.

OTHER NOTICES: The additional notices or disclosures you may receive during the application process are: Notice of Right of Rescission and the Availability of the Appraisal.

THE CLOSING: The closing represents the final step in the mortgage application process. The lender will hire an attorney who will do a title search on the property and also prepare the legal documents necessary for the closing of the loan. The lender's attorney will provide you or your attorney with the exact closing costs. New Hampshire law requires that you be notified at the time of application that the lender's attorney represents the lender and that you may want to hire your own attorney to represent you. You will, however, most likely have to pay for the services of the lender's attorney as well as your own.

GLOSSARY

ADJUSTABLE OR VARIABLE RATE MORTGAGE (ARM OR VRM): A mortgage loan in which the interest rate varies in accordance with changes in a specified index, and may result in changed monthly payments. For further information, refer to the "Consumer Handbook on Adjustable Rate Mortgages".

ADVERSE ACTION: A denial of a loan in an amount and on terms acceptable to the borrower.

ANNUAL PERCENTAGE RATE (APR): The actual cost of credit to the borrower, including interest and certain other charges, expressed as a yearly rate and calculated over the life of the loan. A guide to compare the costs of loans.

APPLICATION: An oral or written request for an extension of credit. Usually a printed form on which the lender collects credit, income and debt information about a prospective borrower, plus facts about the property being used to secure the loan. A fee may be charged at the time of application.

APPRAISAL: An inspection of the property to assure that its market value exceeds the amount of the loan. A fee may be charged for the appraisal.

BORROWER: The person, sometimes referred to as the mortgagor, who obtains a mortgage loan.

CLOSING: The time and date set for the transfer of the property from seller to buyer and/or for the signing of the loan documents.

CLOSING OR SETTLEMENT COSTS: Fees in addition to the purchase price of the property are charged at closing which include but are not limited to; attorney's fees, title search and insurance, survey charges, and fees to record the deed, mortgage and other documents. For further information, refer to the booklet entitled "Settlement Costs".

COMMITMENT LETTER: A lender's written offer to grant a mortgage loan, outlining the terms, the amount of the loan, the interest rate and any other conditions. It can serve as a communication of the lender's decision on the borrowers application.

COUNTER-OFFER: An offer made by the lender to grant credit other than in the amount or terms requested by the applicant.

EQUAL CREDIT OPPORTUNITY ACT: Federal and State laws that prohibit discrimination in the granting of credit based on race, color, religion, national origin, sex, marital status, age or whether a person is receiving public assistance or alimony.

ESCROW ACCOUNT: Money collected in advance by the lender, usually on a monthly basis, for the payment of real estate taxes, betterments and/or insurance.

FIXED RATE MORTGAGE: A conventional mortgage loan with a set interest rate and equal monthly payments for the entire term of the loan.

LENDER: The entity or person, sometimes referred to as the mortgagee, who offers the mortgage loan.

LIEN: A legal claim, granted by contract or a court, against property. A mortgage is one kind of lien.

LOAN TO VALUE RATIO: The percentage comparison between the unpaid principal balance of the mortgage and the sales price, or the appraised value of the property, whichever is lower.

MORTGAGE: A lien placed by the lender on the borrower's property and removed when the note has been paid in full. If the borrower defaults on the note, the lender can sell the property to satisfy the debt.

MORTGAGE REVIEW BOARD: A voluntary board consisting of an equal number of lenders and community representatives who will review the residential mortgage loans denied by participating lenders where the applicants believe the denial was based on the location of the property.

NOTE: The borrower's legally binding written promise to repay a debt to a lender on a specified date.

POINT: An often non-refundable sum of money, equal to one percent of the principal amount of the mortgage, charged by the lender to cover certain costs of making a loan. The number of points that may be charged is limited by law.

PRIVATE MORTGAGE INSURANCE: Protection for lenders against borrower default. Paid for by the borrower and usually required when the down payment is less than 20% of the purchase price.

RATE LOCK AGREEMENT/INTEREST RATE COMMITMENT: A written agreement by which a lender will hold an interest rate on a mortgage for a specified period of time. The terms and conditions of a rate lock agreement vary from lender to lender.

REAL ESTATE SETTLEMENT PROCEDURE ACT (RESPA): A federal law that requires a good faith estimate of closing costs to be given to the borrowers on certain first mortgages.

RIGHT OF RESCISSION: State and Federal laws that allow consumers who refinance first mortgages and certain second mortgages to cancel their contract and receive a refund of all fees. This must take place within three business days following the closing, or following the delivery of the required information and rescission forms and disclosures, whichever occurs last.

SECONDARY MORTGAGE MARKET: Investors who purchase residential mortgages originated by lenders.

TITLE INSURANCE: Protection against loss due to defect in the title that were not covered in the title search and not listed in the title report. Both the lender and the borrower may purchase title insurance to protect their own interests.

TITLE SEARCH: An examination of legal records to check the validity and completeness of the title to the property. The title search should uncover any liens, overdue assessments, or other claims against the property.

TRUTH-IN-LENDING: Federal and State laws that require lenders to provide borrowers with a full disclosure of the true costs of a loan and easy to understand information about the annual percentage rate and terms of the loan.

Borrower

Date

Co-Borrower

Date

FINANCIAL RESOURCES & ASSISTANCE OF THE LAKES REGION, INC.
D.B.A. FINANCIAL RESOURCES, INC.
61 LISCOMB CIRCLE
LACONIA, NH 03246
TEL 603-527-0400
FAX 603-528-4930
NEW HAMPSHIRE LICENSE #1349

Thank you for applying to Financial Resources, Inc. The information on the attached form is very important. Please read it carefully. This will explain your options regarding locking in your rate and ordering legal work. Also contained is other pertinent information that we are required by law to disclose to you.

RATE LOCK/ORDERING LEGAL OPTIONS

_____ 1. I/We understand that interest rates will automatically be locked on the afternoon (3 or 5) five business days prior to closing. Interest rates fluctuate daily and this rate may be different from today's rate.

_____ 2. Please lock in the interest rate of _____% with _____ points today _____ for _____ days. This rate will expire on _____. If this rate expires, a new rate will be set for closing at the current rate or the committed rate, whichever is higher.

_____ A. I/We authorize Financial Resources, Inc. to order legal work. It takes a minimum of twelve (12) business days to complete the legal work. Enclosed please find my check for \$350 to begin the legal work. I understand that this \$350 is non-refundable.

_____ B. I/We do not authorize Financial Resources, Inc. to order legal work. Legal work will not be ordered until I/We pay \$350. I/We understand that it takes a minimum of twelve (12) business days to complete the legal work.

_____ 3. I/We choose not to lock the interest rate as of today. If the interest rate remains unlocked then option one (1) will apply. I/We understand that once a loan is in process, interest rates may only be locked Monday through Friday between 1:00PM and 4:00PM and I must pre-pay one (1) point at the time I want to lock my interest rate.

I/We understand that rate locks will not be effective until confirmed in writing. Written confirmation will be mailed within 24 hours or the next business day. If a rate lock request is denied, all money paid to lock the rate will be immediately

refunded at the borrower's request. Otherwise, this rate lock pre-payment is non-refundable unless the application is rejected. Once a rate lock option is chosen, it can only be changed by forfeiting the rate lock prepayment and must be requested in writing before your loan is approved.

The Borrower shall pay all costs, of whatever nature, in connection with this application, including all legal fees, disbursements and other costs, whether or not the loan is consummated. Financial Resources' inspection of the premises to be mortgaged and appraisal thereof is provided solely for Financial Resources' purposes and it is understood that such appraisal shall be the sole property of Financial Resources, Inc. A copy of the appraisal will be provided to the Borrowers within thirty (30) days of receipt of a written request.

If this loan is rejected or if the customer decided to withdraw the loan application before closing, then the borrower will be charged reasonable fees for credit, appraisal, and processing. These fees will be deducted from fees that are collected during the application process.

The application fee is between \$250 & \$350 for a single family or a condo. The fee for a multi-family is between \$450 & \$550. This fee is payable to Financial Resources, Inc. This fee is credited towards your closing costs and is non-refundable if application is withdrawn or declined.

Borrower's Signature

Date

Co-Borrower's Signature

Date

FINANCIAL RESOURCES & ASSISTANCE OF THE LAKES REGION, INC.
D.B.A. FINANCIAL RESOURCES, INC.
61 LISCOMB CIRCLE
LACONIA, NH 03246
TEL 603-527-0400
FAX 603-528-4930
NEW HAMPSHIRE LICENSE #1349

DISCLOSURE STATEMENT

NOTICE TO MORTGAGE LOAN APPLICANTS: THE RIGHT TO COLLECT YOUR MORTGAGE LOAN PAYMENTS MAY BE TRANSFERRED. FEDERAL LAW GIVES YOU CERTAIN RIGHTS. READ THIS STATEMENT AND SIGN IT ONLY IF YOU UNDERSTAND ITS CONTENTS.

Because you are applying for a mortgage loan covered by the Real Estate Settlement Procedures Act (RESPA) (12 U.S.C. 2601 et seq.) you have certain rights under that Federal law. This statement tells you about those rights. It also tells you what the chances are that the servicing for this loan may be transferred to a different loan servicer. "Servicing" refers to collecting your principal, interest and escrow accounts payments. If your loan servicer changes, there are certain procedures that must be followed. This statement generally explains those procedures.

Transfer Practices and Requirements:

If the servicing of your loan is assigned, sold or transferred to a new servicer, you must be given written notice of that transfer. The present loan servicer must send you notice in writing of the assignment, sale or transfer of the servicing not less than 15 days before the date of the transfer. The new loan servicer must also send you notice within 15 days after the date of the transfer. Also, a notice of prospective transfer may be provided to you at settlement (when title to your new property is transferred to you) to satisfy these requirements. The law allows a delay in the time (not more than 30 days after a transfer) for servicers to notify you under certain circumstances, when your servicer is changed abruptly. This exception applies only if your servicer is fired for cause, is in bankruptcy proceedings, or is involved in a conservatorship or receivership initiated by a Federal agency.

Notices must contain certain information. They must contain the effective date of the transfer of the servicing of your loan to the new servicer, the name, address, and toll-free or collect call telephone numbers of the new servicer, and toll-free or collect call telephone numbers of a person or department for both your present servicer and your new servicer to answer your questions about the transfer of servicing. During the 60-day period following the effective date of the transfer of the loan servicing, a loan payment received by your old servicer before its due date may not be treated by the new loan servicer as late, and a late fee may not be imposed on you.

Complaint Resolution

Section 6 of RESPA (12 U.S.C. 2605) gives you certain consumer rights, whether or not your loan servicing is transferred. If you send a "qualified written request" to your loan servicer concerning the servicing of your loan, your servicer must provide you with a written acknowledgment within 20 business days of receipt of your request. A "qualified written request" is a written correspondence, other than a notice on a payment coupon or other payment medium supplied by the servicer, which includes your name, account number, and your reasons for the request. Not later than 60 business days after receiving your request, your servicer must make any appropriate corrections to your account, and must provide information to a consumer reporting agency concerning any overdue payment related to such period or qualified written request.

Damages and Costs

Section 6 of RESPA also provides for damages and costs for individuals or classes of individuals in circumstances where servicers are shown to have violated the requirement of that Section.

Servicing Transfer Estimates by Original Lender

The following is the best estimate of what will happen to the servicing of your mortgage loan:

1. X We do not service mortgage loans. We intend to assign, sell, or transfer the servicing of your loan to another party. You will be notified at settlement regarding the servicer.

2. _____ We are able to service this loan and presently intend to so. However, that may change in the future. For all the loans that we make in the 12 month period after your loan is funded, we estimate that the chances that we will transfer the servicing of those loans is between:

_____	0 to 25%
_____	26 to 50%
_____	51 to 75%
_____	76 to 100%

This is only our best estimate and it is not binding. Business conditions or other circumstances may affect our future transferring decisions.

3. This is our record of transferring the servicing of the loans we have made in the past:

<u>Year</u>	<u>Percentage of Loans Transferred</u>
1989, 1990, 1991	100%

The estimates in 2 and 3 above do not include transfers affiliates or subsidiaries. If the servicing of your loan is transferred to an affiliate or subsidiary in the future, you will be notified in accordance with RESPA.

LENDER (signature not mandatory)

DATE

ACKNOWLEDGEMENT OF MORTGAGE LOAN APPLICANT

I/We have read this disclosure form, and understand its contents, as evidenced by my/our signature(s) below:

Applicant's Signature

Co-Applicant's Signature

Date

QUESTIONS AND ANSWERS ABOUT YOUR TRUTH AND LENDING STATEMENT

Federal and State law requires that you receive a "Truth-in-Lending Statement". You should review this document carefully. The following should answer most of your questions. However, if you need additional information please call us at 617-666-0309.

WHAT IS A TRUTH-IN-LENDING DISCLOSURE STATEMENT AND WHY DO I RECEIVE IT?

Your disclosure statement contains information which Federal and State law requires us to provide to you. The purpose of this statement is to disclose information about your loan and to assist you in shopping for credit.

WHAT IS THE ANNUAL PERCENTAGE RATE?

The Annual Percentage Rate, or APR, is the cost of your credit expressed in terms of an annual rate. Because you may be paying "points" and other closing costs, the APR disclosed will in most cases be higher than the interest rate on your loan. The APR can be used to provide a method for comparing the cost of credit for different loan programs.

WHAT IS THE AMOUNT FINANCED?

The Amount Financed is your mortgage amount minus prepaid finance charge. Prepaid finance charges include items such as loan origination fees, commitment fees (points), interest adjustments, and initial mortgage insurance premiums (if applicable). The amount financed represents a net figure used to allow you to accurately assess the amount of credit actually provided.

DOES THIS MEAN I WILL GET A LOWER MORTGAGE THAN I APPLIED FOR?

No. If your loan is approved in the amount for which you applied, then this amount will be provided toward your home purchase or refinance at closing.

WHY IS THE ANNUAL PERCENTAGE RATE DIFFERENT FROM THE INTEREST RATE FOR WHICH I APPLIED? WHY IS THE AMOUNT FINANCED DIFFERENT?

The amount financed is lower than the amount you applied for because it represents a net figure. If someone applies for a mortgage of \$75,000.00 and the prepaid finance charges total \$2,000.00, the amount financed would be shown as \$73,000.00 or \$75,000.00 minus \$2,000.00.

The APR is computed from this lower figure, based on what your proposed payment would be. At a loan amount of \$75,000.00 with a \$2,000.00 in prepaid finance charges, and an interest rate of 13%, the payment would be \$829.65 (principle and interest) on a loan with a thirty year term. Since the APR is based on the net amount financed, rather than on the actual mortgage amount, and since the payment amount remains the same, the APR is higher than the interest rate. It would be 13.31%. If this applicants loan were approved he could still receive a \$75,000.00 loan for thirty years with monthly payments 13% of \$829.65.

WHY MUST I SIGN THE DISCLOSURE STATEMENT?

Lenders are required by law to provide the information on this statement to you in a timely manner. Your signature merely indicates that you have received this information, and does not obligate either you or Powder House Mortgage Company, Inc. in any way.

GOOD FAITH ESTIMATE OF SETTLEMENT CHARGES - NEW HAMPSHIRE

Listed below is the Good Faith Estimate of Settlement Charges made pursuant to the requirements of the Real Estate Settlement Procedures Act (RESPA). These figures are only estimates and the actual charges due at settlement may be different. This is not a commitment.

	Estimated Charge
Loan Origination Fee.....	\$ _____
Appraisal Fee.....	\$ 250
Credit Report.....	\$ 50
Secondary Market Fee.....	\$ 175
Abstract or Title Search.....	\$ 150
Document Preparation.....	\$ _____
Notary Fees.....	\$ _____
Attorney Fees.....	\$ 350
Title Insurance \$2/\$1,000.....	\$ _____
Recording Fees.....	\$ 60
State tax/stamps \$5.25/\$1,000.....	\$ _____
Survey Waiver Fee.....	\$ 75
Miscellaneous Closing Costs.....	\$ 100
Tax Service Fee.....	\$ 105
Total Estimated Closing Costs.....	\$ _____ =====

ESTIMATED ESCROW AND PREPAID EXPENSES

Homeowners Insurance	mo.	@ \$	/mo. = \$	_____
Mortgage Insurance	mo.	@ \$	/mo. = \$	_____
City Property Taxes	mo.	@ \$	/mo. = \$	_____
Total			\$	_____
Interest Maximum	30 Days	@ \$	/day = \$	_____
Total Estimated Escrow and Prepaid Expenses			\$	_____

This form may not cover all items you will be required to pay in cash at settlement; for example, deposits in escrow for real estate taxes and insurance. You may wish to inquire as to the amounts of such other items.

Name of Borrower: _____

Amount of Loan \$ _____ Monthly Payment (P & I) \$ _____

Rate _____ % Term _____ Tax Escrow \$ _____ H.O. Ins. Escrow \$ _____

PMI Escrow \$ _____ Total Monthly Payment \$ _____

Delivery of the above Good Faith Estimate is acknowledged.

Applicant's Signature(s) _____ Date _____

_____ Date _____

Property Address _____

ECOA/FAIR CREDIT DISCLOSURE
NOTICE TO RESIDENTIAL MORTGAGE APPLICANT(S)

NOTICE: The Federal Equal Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (providing the applicant has the capacity to enter into a binding contract); because all or part of the applicants income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administer compliance with this law concerning this creditor is:

COMPTROLLER OF THE CURRENCY
CONSUMER EXAMINATION DIVISION
WASHINGTON, D.C. 20219

IMPORTANT DISCLOSURE

We now have received the information we require to consider your mortgage application complete. However, additional information may be required by Financial Resources, Inc. as we continue to process your loan. In addition, a third party, such as a purchaser of mortgage loans from us, a private mortgage insurer or any other party involved in the approval portion of your application may require additional information from you in order to process your application. We will contact you immediately if we need more information. If not, you will be notified of our decision on your application (which may be to offer a different amount than you applied for) no later than thirty (30) days from the date of this notice, as required by the Federal Equal Credit Opportunity Act and comparable provisions of New Hampshire law.

If your loan application is approved and a commitment letter issued, please refer to the commitment letter for a detailed description of any outstanding conditions which must be satisfied prior to final approval for closing. Once conditions are underwritten by Financial Resources, Inc., there is a 72 hour waiting period before a closing can occur.

The undersigned acknowledges receipt of this Notice.

IT IS EXPRESSLY UNDERSTOOD AND AGREED BETWEEN THE BORROWER AND FINANCIAL RESOURCES, INC. THAT:

1. The title to the above described real estate is to be examined and the papers prepared by closing counsel approved by

Financial Resources, Inc. Closing counsel's judgment on the title shall be final.

2. Financial Resources, Inc. may revoke its acceptance of this application at any time before the actual closing in its absolute discretion; if the title to the property offered as security for the loan shall not prove satisfactory to the Financial Resources, Inc. attorney; or if other investigations shall develop facts regarding the security or responsibility of the applicant unsatisfactory to Financial Resources, Inc., even if the applicant may claim there was an oral or written commitment of acceptance.

3. In consideration of the granting of a loan secured by a mortgage, it is understood that you will pay for the fees or expenses charged or incurred by any attorney for or on behalf of the mortgagee, and you or your attorney shall be given a copy of any certification of title to the mortgaged property. Such certification shall comply with the requirements of New Hampshire RSA 416-A:2 as amended.

A. The responsibility of the attorney for Financial Resources, Inc. is to protect the interest of Financial Resources, Inc.

B. The Borrower(s) may, at his/their own expense, engage an attorney of his/their own to protect his/their interest in the transaction.

4. The Borrower and Co-Borrower will join in the execution and delivery of the note and mortgage.

5. FLOOD INSURANCE - Flood insurance is required at the owner's expense, in accordance with the current National Flood Insurance Program, provided the property falls within a Special Flood Hazard Area.

6. TITLE INSURANCE - Title insurance, covering at least the mortgage amount, is required on all loans. This title insurance covers only the lender. Financial Resources, Inc. does not require you to obtain a policy which will cover your interest in the property. However, we do recommend you obtain a policy, which is available to you at an additional charge, by requesting it from our closing attorney. The cost of this additional insurance is quoted to you on the Good Faith Estimate.

7. PLAT OF SURVEY - A plat of survey or an affidavit of survey waiver signed by the property owner is required at time of closing on all one to four family properties. This must be dated within six months of the closing date. It must meet all current standards required by Financial Resources, Inc. The attorney for Financial Resources, Inc. will determine which will apply to your loan.



State of New Hampshire

Banking Department

169 Manchester Street
Concord, New Hampshire 03301

Telephone: (603) 271-3561

FAX: (603) 271-1090

KATHLEEN L. BELANGER
ADMINISTRATOR, REGULATION & LICENSING

RAYMOND A. HEROUX
CONSUMER CREDIT ADMINISTRATOR

A. ROLAND ROBERGE
BANK COMMISSIONER
ALLAN N. JEANNOTTE
DEPUTY BANK COMMISSIONER
JEAN M. DOBBINS
CHIEF BANK EXAMINER

Form 397-A-1
FIRST MORTGAGE BANKER/BROKER
ANNUAL REPORT

READ INSTRUCTIONS
CAREFULLY

INSTRUCTIONS

- ONLY INFORMATION REGARDING NEW HAMPSHIRE FIRST MORTGAGE LOANS SHOULD BE REPORTED ON THIS FORM. Don't double-count loans. List all 1996 loans brokered on Schedule A and all 1996 loans made on Schedule B.

- Fully completed reports must be postmarked on or before February 1. Failure to file a fully completed report by February 1 shall result in a \$25/per day fine for each licensed location .

- Complete all items. DO NOT leave items blank. Reports with blank items will be returned for completion. Fines will be assessed based on the postmark date of completed reports. The department is under no obligation to review and return incomplete reports before the February 1 deadline.

- If you did not make or broker any New Hampshire loans during the reporting year, you must either provide the department with a WRITTEN statement to such effect which is postmarked on or before February 1,

OR

Utilize this form and make an affirmative statement that no such loans were made/brokered, (ie: "none", "0", "zero", etc.). DO NOT use "N/A", state "not applicable" or leave blank.

- Items requiring a numerical response which are marked "N/A" or "not applicable", or forms submitted with items left blank, will be considered incomplete, will be returned, and will be subject to fines if not completed and returned to this office on or before February 1.

- Fines will NOT be waived for failure to submit a fully completed report postmarked on or before February 1. Failure to submit a fully completed report shall be considered to be within the control of the licensee.

- If you held a license for any portion of the reporting year you must file a report, even if no loans were made or brokered. Failure to file will result in a \$25/ per day fine for each licensed location.

- REPORTS TRANSMITTED VIA "FAX" WILL NOT BE ACCEPTED. LATE FILING FINES WILL BE ASSESSED UNLESS AN ORIGINAL SIGNED AND NOTARIZED REPORT FORM IS RECEIVED BY THIS OFFICE POSTMARKED ON OR BEFORE FEBRUARY 1.

Reporting Period Ended December 31, 19 96

License #2503 MB

Name of licensee Financial Resources & Assistance Inc. License #(s) ending 12/31/96
(for reporting period)

Trade name d/b/a (if applicable)

Place of business 15 Northview Drive, Meredith, NH 03253
(street) (city) (state) (zip)

Number of offices included 1 (If more than one office, attach sheet listing addresses of all offices included in this report.)

Type of business conducted: Mortgage Banker X Mortgage Broker X (Check both if applicable.)

Company contact person (President, Chief Executive Officer or Senior Partner of Licensee)

Name Scott D. Farah Title President

Business Address: Same
(Street)

603-279-1133

(City) (State) (Zip) (Direct Line Telephone)

**SCHEDULE A
NH FIRST MORTGAGE LOANS BROKERED**

	<u>No. of NH Loans</u>	<u>\$ Amount (Omit Cents)</u>
NH first mortgage loans BROKERED during reporting year	122 ✓	\$11,193,570 ✓

**SCHEDULE B
ANALYSIS OF NH FIRST MORTGAGE LOANS MADE**

	<u>No. of NH Loans</u>	<u>\$ Amount (Omit Cents)</u>
NH first mortgage loans MADE during reporting year	* _____	# _____
Total balances outstanding on Dec 31 for all NH first mortgage loans retained or serviced	_____	_____

**SCHEDULE C
ANALYSIS OF NH FIRST MORTGAGE LOANS MADE BY NUMBER AND DOLLAR AMOUNT**

NH first mortgage loans MADE during reporting year:

	<u>No. of NH Loans</u>	<u>\$ Amount (Omit Cents)</u>
\$ 1 thru \$ 50,000	_____	\$ _____
\$ 50,001 thru \$ 75,000	_____	_____
\$ 75,001 thru \$ 100,000	_____	_____
\$ 100,001 thru \$ 125,000	_____	_____
\$ 125,001 thru \$ 150,000	_____	_____
Over \$ 150,000	_____	_____

Total NH first mortgage loans MADE * _____ # \$ _____

* Must agree
Must agree

AFFIDAVIT

I, SCOTT FARAH, the undersigned,
being the President of the Financial Resources Inc.
swear, that to the best of my knowledge and belief the information supplied on this form, including accompanying schedules and
statements (if any) are true and correct.

[Redacted Signature]

Signature

State of New Hampshire
County of Belknap)ss

Subscribed and sworn to before me this 17th day of February, 19 97

[Redacted Notary Name]

Notary Public/Justice of the Peace

My commission expires _____
My Commission Expires September 8, 1999



State of New Hampshire

Banking Department

169 Manchester Street
Concord, New Hampshire 03301

Telephone: (603) 271-3561
FAX: (603) 271-1090

KATHLEEN L. BELANGER
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DEPUTY BANK COMMISSIONER
JEAN M. DOBBINS
CHIEF BANK EXAMINER

FORM 397-A-2

VERIFIED APPLICATION FOR FIRST MORTGAGE BANKER AND/OR BROKER LICENSE

License Year: 1997

PAID
CK. NO. 0017902 54-182/111
DATE 12/31/96 350

New and Renewal Application Fees

Principal office \$250.00 Each Branch Office \$250.00

RECEIVED
DEC 30 1996
BANKING DEPT

Make Check Payable To:
"STATE OF NEW HAMPSHIRE"

Fully complete all items. Incomplete applications will NOT be processed. Clearly number all attachments to correspond to the question for which the attachment provides a response. Ensure all forms are properly signed and notarized. Applications filed without payment will not be processed.

APPLICATION STATUS

1. Check one: New Application Renewal Application (1996 License # (s) 2503 MB)

LICENSE TYPE AND BONDING

2. Check one or both: Banker Broker

2a. If "banker" is checked in 2. above, are you requesting authorization to issue Rate Lock Commitments? NO
(If "yes", complete items 26 & 27 on page 5)

2b. If "broker" is selected in 2. above, attach original \$20,000 surety bond or original continuation certificate. Provide expiration date of bond 12/31/97 (Must not expire prior to 12/31/97) Provide name and telephone number of insurance agent: Rowley Agency, Inc (603) 224-2562

Bond has been applied for - will forward copy upon receipt.

NAME AND LEGAL STATUS OF APPLICANT

3. Applicant is a: (check one) Corporation Individual Partnership
Association Other

3a. Name of Applicant: Financial Resources + Assistance, Inc

3b. Applicant's federal tax ID number 02-0433840

3c. If a corporation, provide date and state of incorporation, and attach a copy of Certificate of Incorporation.
State: NH Date: 5/18/89

3d. If corporation is not a NH corporation, attach a copy of certificate of registration as a foreign corporation issued by the NH Secretary of State.

4. Will applicant do business under a trade name? NO If "yes", provide trade name and attach copy of trade name registration issued by NH Secretary of State.

Trade Name: _____

PRINCIPAL PLACE OF BUSINESS AND BRANCH LOCATIONS

5. Applicant's principal place of business (MUST be licensed - \$250 license fee must be enclosed) :-

15 Northview Drive Meredith NH 03753
(Street Address) (City) (State) (Zip)

P.O. Box 1158
(Mailing Address) (City) (State) (Zip)

(603) 279-1133 279-5912
(Telephone) (Fax)

6. Branch Offices:

ALL NH offices must be licensed (enclose \$250.00 fee for each NH office). If no NH offices, list all out-of-state locations where NH loans are processed, underwritten and/or serviced (enclose \$250.00 fee for each listed out-of-state location). Provide street and mailing addresses, name of manager and direct telephone number for each listed location. (Attach a separate sheet if necessary)

NONE

7. If applicant's principal place of business is NOT in New Hampshire, a New Hampshire agent must be designated:

Name of Agent: NA Telephone: _____

Street Address of Agent (N.H.): _____

Mailing Address of Agent: _____

MANAGEMENT

8. President, Chief Executive Officer or Senior Partner of Applicant:

Name Scott D. Farah Title: President

Business Address: Same (Street) (City) (State) (Zip) Same (Direct Line Telephone)

9. Attach a list of the names, business and residence addresses and titles of the applicant's principal shareholders (10% or more), senior officers and directors of a corporate applicant; the general partners of a general partnership; the general and limited partners of a limited partnership; the members of a limited liability company; or the trustees of a business trust.

10. Attach resumes or similar documents which indicate the lending and/or loan brokering experience of the applicant organization and the organization's officers and managers/senior employees. (Senior Vice President and higher)

EXPERIENCE AND PAST CONDUCT

11. Attach a list of all current lending and/or loan brokering licenses issued by any other state. Provide name of state, license type, license number and expiration date for each license held. OKLAHOMA

12. Has applicant, or any of its owners, directors, partners, members, officers (Sr VP & higher) or managers ever had a lending or loan brokering license revoked, suspended or denied by this or any other state, or been the subject of any formal disciplinary proceeding? Yes _____ No If yes, provide details on a separate sheet.

13. Has the applicant or any of its owners, directors, partners, members, officers (Sr VP & higher) or managers ever been convicted of a felony? Yes _____ No If "yes" furnish complete details, including dates, location, docket number, nature of crime, penalties, etc. on a separate sheet.

FINANCIAL CONDITION

14. Financial Statements: Mortgage banker applicants must demonstrate a minimum net worth of \$100,000 in cash and marketable securities. Mortgage banker AND mortgage broker applicants must submit the following:

14a. Attach a copy of a compiled set of financial statements prepared by a public accountant, certified public accountant or applicant's financial officer, that include, at a minimum, a balance sheet, statement of cash flow and income statement as of most recent quarter end. Statements prepared by an applicant's financial officer must be signed by the preparer and notarized. Individuals, sole proprietors, partnerships, limited liability companies and closely held corporations (less than 20 shareholders) must attach copies of most recent federal income tax returns.

14b. Publicly traded corporations and wholly owned subsidiaries of publicly traded corporations may submit copies of their most recent Securities and Exchange Commission 10K and 10Q forms, or those of their parent corporation, in lieu of financial statements required by 14a. above.

LOAN PRODUCTS

15. Provide a sample of interest rates and fees which the applicant currently charges, or expects to charge on December 1. The annual percentage rate should be as described in Regulation Z of the Federal Reserve Board. Assume a \$100,000 first mortgage with a loan-to-value ratio of 90% and a 30-year term.

	Interest Rate	Points Charged	Annual % Rate	Application Fee	Appraisal Fee	Credit Report	Other Charges*
Variable Rate	<u>6.5</u>	<u>0</u>	<u>6.5</u>	<u>0</u>	<u>250</u>	<u>50</u>	<u>0</u>
Fixed Rate	<u>8.25</u>	<u>0</u>	<u>8.25</u>	<u>0</u>	<u>250</u>	<u>50</u>	<u>0</u>

*Itemize "Other Charges" on a separate sheet. Indicate purpose and dollar amount of each item listed.

16. Provide index used on variable rate determination: 1-yr T-bill

17. Provide margin on variable rate loans for "A" credit borrowers: 2.875

18. Indicate the percentage of loans made that are:

"A" credit 30 % "B" credit 30 % "C" credit 30 % "D" credit and lower 10 %

19. Does the applicant offer any loan products that feature "balloon" payment provisions? YES

OPERATIONS

20. Attach a detailed narrative description of your operations, including but not limited to, (1) how loans are funded, (2) name(s) loans are closed in, (3) if a broker, a list of all correspondent lenders, (4) applicant's target market/client base, (5) wholesale lending activities, (6) Fannie Mae, Freddie Mac and/or Ginny Mae approvals, if applicable, (7) policies and procedures for processing applications, underwriting and funding, servicing and discharging of mortgage loans.

21. Does the applicant close loans with its own funds or are loans "table-funded"? NO

22. List all offices of applicant where loan applications relating to NH real estate are processed. Give both street and mailing addresses: (Attach additional sheet if necessary)

Meredith

23. List all offices of applicant where loan applications relating to NH real estate are underwritten. Give both street and mailing addresses: (Attach additional sheet if necessary)

Meredith

24. List all offices of applicant where loans secured by NH real estate are serviced. Give both street and mailing addresses. (Attach additional sheet if necessary)

NA