

FIRST MORTGAGE BROKERS
REPORT OF EXAMINATION
AND
EXAMINER'S QUESTIONNAIRE

Date of Examination: OCTOBER 1, 1999 License Number 5902

Name of Licensee: FINANCIAL RESOURCES AND ASSISTANCE, INC.

Address: 15 NORTHERN 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, NORTHVIEW DRIVE IS ON THE LEFT NEXT TO MEREDITH SQUARE. LICENSE OFFICE IS AT THE END OF NORTHVIEW DRIVE

Office hours: 9:00 A.M. TO 5:00 P.M.

Describe briefly the general plan of question: LOCALLY OWNED MORTGAGE BROKERAGE BUSINESS NOW OPERATING IN SEVERAL STATES. A LARGE PORTION (OVER 50%) OF ITS LOANS ARE IN THE SUB-PRIME MARKET. LICENSEE DEALS PRIMARILY WITH FIVE LENDERS.

Loans brokered by licensee in last calendar year from the Annual Report No. 126 \$ 11,985,990

Loans brokered during the current calendar year. No. NOT AVAILABLE \$ NOT AVAILABLE AS OF TIME OF EXAMINATION.

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?

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
IN THE RECEPTIONIST AREA.

Is this person or company required to hold a broker license and/or banker license? LICENSEE REQUIRES BOTH LICENSES AS IT OCCASIONALLY CLOSSES A LOAN IN ITS OWN NAME.

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? *AT LICENSEE LOCATION.*

Are records kept at least 18 months? *Yes*

Are computer records maintained? *Yes, GENERAL LEDGER, WORD PROCESSING AND COMPUTER GENERATED DISCLOSURE FORMS.*

Are copies of paid vendor invoices available for expenses incurred on the behalf of applicants? *Yes, THEY ARE KEPT IN 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 FOR ALL LOANS REVIEWED. CONVENTIONAL LOANS ARE MOSTLY FIXED RATE; SUBPRIME HAVE MORE ADJUSTABLE RATES.*
Was the Annual Report properly and timely filed? *Yes.*

Do special arrangements need to be made for a regular examination? *Yes.*
List instructions below: *EXAMINATION SHOULD BE ARRANGED IN ADVANCE WITH PRESIDENT FARAH. THIS CAN BE DONE BY TELEPHONE.*

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:

GOOD FAITH ESTIMATES OF SETTLEMENT CHARGES REVIEWED AT THIS EXAMINATION DID NOT DISCLOSE AN ESTIMATED AMOUNT OF THE YIELD SPREAD PREMIUM ANTICIPATED BY THE LICENSEE. PRESIDENT FARAH STATED THAT IN THE PAST MONTH OR SO, YIELD SPREAD PREMIUMS ARE BEING DISCLOSED ON THE GOOD FAITH ESTIMATE.

COMMENTS, RECOMMENDATIONS AND CONCLUSIONS

THIS LICENSEE, IN MY OPINION, IS CONDUCTING ITS FIRST MORTGAGE HOME LOAN 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 10/1/99 License Number _____

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

*Suzanne Robinson office manager Daniel Farah Commercial loan underwriter
Dana Gore underwriter Nancy O'connor processor*

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 in a few months with this

4. In your capacity as a broker, do you: *INFORMATION*

(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 24 months or more
Dead files on record for 12 months or more*

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

All JO's Appraisals and credits are ordered in our name

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

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 Fureh, Suzanne Robinson, Alyce Straw, Dan Fureh, Todd Workman, Karl Reitz, Nancy O'Connor, Donna Gore, Fred Pore

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 Mail, Newspaper

TIRED OF Renting? Want to know exactly how much house you can afford? Call Rich at Financial Resources for FREE prequalification. We offer 100% financing, no money down. Many programs for people with spotty credit. Call 1-800-950-6913. Lic. 5902MB

FINANCIAL RESOURCES, INC.

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

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 HOMEOWNERS WHO MAY WANT TO PAY OFF LIENS, CONSOLIDATE DEBT, OBTAIN A LOWER INTEREST RATE OR EVEN RECEIVE CASH BACK, FINANCIAL RESOURCES, INC. HAS DEVELOPED HUNDREDS OF PROGRAMS TO HELP YOU. WE SPECIALIZE IN SERVICING PEOPLE WITH LESS THAN PERFECT CREDIT AND OFFER A FREE PRE-APPROVAL TO DETERMINE HOW MUCH MONEY YOU COULD SAVE EVERY MONTH.

IF YOU WOULD LIKE TO UTILIZE OUR QUICK PRE-QUALIFICATION, PLEASE COMPLETE THE QUESTIONNAIRE ON THE BACK AND EITHER FAX IT TO ME AT 603-279-5912 OR MAIL IT TO THE ABOVE ADDRESS. IF YOU HAVE ANY QUESTIONS, PLEASE CALL ME TOLL FREE AT 800-950-6913.

I LOOK FORWARD TO HEARING FROM YOU AND HELPING YOU TO RESTRUCTURE YOUR CURRENT FINANCIAL SITUATION.

SINCERELY,



Donna M. Gore
Mortgage Specialist

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. 10 %

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? Yes

B. State the company policy if the loan does not close within the rate lock period. If consumer fault the rate

lock is extended if borrower's fault it is not

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

APPLICATION PROCESS

1. At the time of application, are all applicants informed of the lender's right to assign, sell or transfer the loan as well as the servicing rights thereon?

Yes In the Disclosures

2. A. Are all applicants given a Good Faith Estimate no later than three business days after receipt of the written application setting forth the estimated settlement charges?

Yes

- B. Are all applicants given a copy of the "Settlement Costs" Special Information Booklet no later than three business days after receipt of the written application?

Yes In the Disclosures

3. Do staff members explain the variety of loan products available to applicants in order to facilitate informed borrowing decisions?

Yes

4. Are applicants made aware of the detailed and complex nature of the application process and the requirements expected of them to provide financial and other relevant information in order to complete that process?

Yes

5. Are all staff members aware that falsifying a loan application information is a federal crime?

Yes

6. A. Approximately how long does it take to process an application?

3-4 weeks

- B. Approximately what percentage of loan applications received are ultimately approved and funded?

85%

Briefly describe formal training provided to all company application takers before field assignments.

new Employees are trained as long as needed it takes approximately

7. Does the company currently have adequate staff to process its volume of business in a timely manner? *2 mths.*

Yes

8. What is company policy on the return of applicants telephone calls?

within 24 hours of Receipt.

9. Does your company have a toll free telephone number? If so, list number(s) and location(s).

Yes

1-800-4-950 6913

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 300 ± for Appraisal to Appraiser 75 for credit

B. If fees are prepaid, what is the company policy on ^{refund} 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?

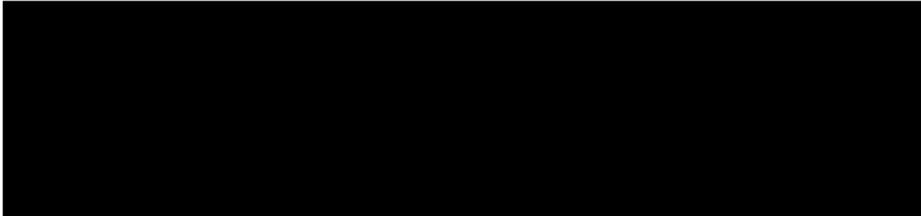
NO

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

CERTIFICATION UNDER OATH

Scott FRANK, 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 (100)	DATE OF ORIGINAL AMOUNT	TE R A T E	T E R M	M T R E	H U D 1	P O I N T S	T I L	A P R	T O C A N C E L	G F F E	APPROVED VALUE	INSURANCE TYPE HAZARD
✓	8-12-98 60,000	7%	180		✓	2				R ✓	82,000 7-24-98	
✓	12-02-97 52,500	A 14.25	360		✓	3				R ✓	80,000 11-23-97	
✓	1-26-98 87,500	A 11.65	360		✓	3				R ✓	163,000 12-23-97	
✓	11-17-98 44,500	9%	360		✓	5				R ✓	67,000 9-17-98	
✓	12-15-98 24,000	A 10.75	360		✓	5				P ✓	37,000 11-12-98	
✓	7-28-99 48,000	8 1/2	360		✓	3 1/2				R ✓	87,000 6-23-99	
✓	7-28-99 51,000	8 1/2	360		✓	3				P ✓	108,000 6-23-99	
✓	7-30-99 114,400	7 3/4	360		✓	0				R ✓	145,000 6-23-98	
✓	7-30-99 53,972	10 ⁹⁴	360	✓	✓	3	↓	11.811	W/A	✓	71,000 7-06-99	✓ 100,000
✓	11-03-98 107,000	7 3/8	360		✓	0				R ✓	135,000 10-13-98	
✓	8-26-98 264,550	A 11.74	360		✓	3				R ✓	414,000 4/99 (Howis)	
✓	5-06-99 57,700	8 1/2	360		✓	3				P ✓	81,000 4-21-99	
✓	4-01-99 69,600	7 1/2	360		✓	3				R ✓	87,000 3-19-99	
✓	4-22-99 225,000	6 5/8	180		✓	0				R ✓	413,000 3-31-99	
✓	1-15-99 160,000	6 1/2	180		✓	2				P ✓	128,000 12-18-98	

NAME

APPRAIS-
AL FEECREDIT
REPORT
FEEATTOR-
NEY FEETITLE
INSUR
ANCERECORD-
ING FEESETTLEMENT
AGENT

275 (POC)

50

700

195 L

MTG 33.32
REL 17.32

300 (POC)

-0-

700

206 L

MTG 48.32
REL 51.96

-0-

-0-

700

276 L

MTG 52.32
REL 51.96

300 (POC)

50 (POC)

750

175 L

MTG 36.32
REL 17.32

-0-

-0-

700

175 L

DEED 16.32
MTG 52.32

(2 UNIT)

450 (POC)

75

600

125 L

MTG 52.33

(3 UNIT)

450 (POC)

75

600

177 L

DEED 16.33
MTG 52.33

-0-

50

700

301.25 L

MTG 40.32
REL 17.32

250

75

775

183 L

DEED 16.33
MTG 40.33

-0-

-0-

400

203.76 L

MTG 40.32
REL 17.32

300 (POC)

75

700

588.75 L

MTG 48.33

-0-

75

600

191 L

DEED 16.33
MTG 48.33

275 (POC)

75

600

215 L

MTG 40.33
REL 17.33

-0-

75

500

493.75 L

MTG 40.33
REL 34.66

250

75

700

300 L

DEED 20.32
MTG 44.32

NAME

LENDER

BROKER FEE

1,725
(2.875 POINTS)

525
(1 POINT)

875
(1 POINT)

NONE

NONE

300
(5/8 POINT)

956.25
(1 7/8 POINTS)

3,575
(3 1/8 POINTS)

NONE

2,273.75
(2 1/8 POINTS)

3,518.51
(1.33 POINTS)

577
(1 POINT)

1,130.5
(1 7/8 POINTS)

2,812.50
(1.25 POINTS)

2,400
(2.4 POINTS)

PLUS 1,575 PAID BY BORROWERS
TO LICENSEE (3 POINTS)

PLUS 2,625 PAID BY BORROWERS
TO LICENSEE (3 POINTS)

1,557.50 PAID BY BORROWERS
TO LICENSEE (3.5 POINTS)

1,200 PAID BY BORROWERS
TO LICENSEES (5 POINTS)

PLUS 1,480 PAID BY BORROWERS
TO LICENSEE (3.5 POINTS)

PLUS 1,530 PAID BY BORROWERS
TO LICENSEE (3 POINTS)

1,619.16 PAID BY BORROWER
TO LICENSEE (3 POINTS)

PLUS 7,936.50 PAID BY BORROWERS
TO LICENSEE (3 POINTS)

PLUS 1,731 PAID BY BORROWERS
TO LICENSEE (3 POINTS)

PLUS 2,088 PAID BY BORROWERS
TO LICENSEE (3 POINTS)

NAME

FINANCE CHARGE

AMOUNT FINANCED

TOTAL OF PYMTS.

PAYMENT
STREAM

133,716.79

50,445.04

184,161.83

359 @ 511.54
1 @ 518.97

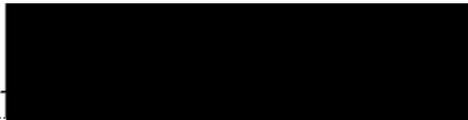
CANCELED/DENIED

LOANS

NAME

REASON

LETTER SENT



APPLICANTS' CREDIT RATING
SUCH THAT THEY CAN'T BORROW
MORE THAN 70% OF THE AIV
OF THEIR PROPERTY. CURRENT LOAN
IS HIGHER THAN THAT

YES

NOTE = THIS WAS THE ONLY LOAN DECLINED SINCE THE
PREVIOUS EXAMINATION. THE FILES CONTAINED
A NUMBER OF LOANS WHERE THE APPLICANTS
FAILED TO RESPOND TO REQUESTS FOR INFOR-
MATION. THE LICENSEE ASSUMED THEY WERE
NO LONGER INTERESTED IN PURSUING THE
FINANCING. A LETTER INDICATING SAME
WAS SENT TO EACH APPLICANT IN THIS
SITUATION

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 borrower's 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.
15 NORTHVIEW DRIVE
P.O. BOX 1158
MEREDITH, NH 03253
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.
- _____ 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.

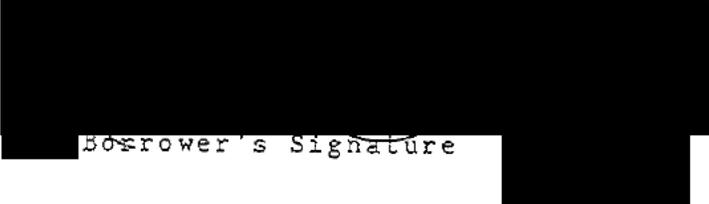
I/We understand that rate locks will not be effective until confirmed in writing. Written confirmation will be mailed within 24 hours or the next business day. If a rate lock request is denied, all money paid to lock the rate will be immediately refunded at the borrower's request. Otherwise, this rate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

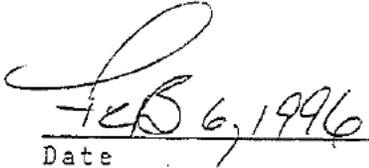
The Borrower shall pay all costs, of whatever nature, in connection with this application, including all legal fees, disbursements and other costs, whether or not the loan is consummated. Financial Resources' inspection of the premises to be mortgaged and appraisal thereof is provided solely for Financial 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.

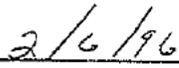
If this loan is rejected or if the customer decided to withdraw the loan application before closing, then the borrower will be charged reasonable fees for credit, appraisal, and processing. These fees will be deducted from fees that are collected during the application process.

The appraisal 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

BORROWER'S CERTIFICATION & AUTHORIZATION

The undersigned certify the following:

1. I/We have applied for a mortgage loan from Financial Resources, Inc. In applying for the loan, I/We completed a loan application containing various information for the purpose of obtaining a loan, including the amount and source of the down payment, employment and income information, and asset and liability information. I/We certify that all of the information is true and complete. I/We made no misrepresentations in the loan application or other documents, nor did I/We omit any pertinent information.
2. I/We understand and agree that Financial Resources, Inc. reserves the right to change the mortgage loan review process to a full documentation program. This may include verifying the information provided on the application with the employer and/or the financial institution.
3. I/We fully understand that it is a Federal crime punishable by fine or imprisonment, or both, to knowingly make false statements when applying for this mortgage, as applicable under the provisions of Title 18, United States Code, Section 1014.

AUTHORIZATION TO RELEASE INFORMATION

To whom it may concern:

1. I/We have applied for a mortgage loan from Financial Resources, Inc. As part of the application process, Financial Resources, Inc. and the mortgage guaranty insurer (if any), may verify information contained in my/our loan application and in other documents required in connection with the loan, either before the loan is closed or as part of its quality control program.
2. I/We authorize you to provide to Financial Resources, Inc., to any investor to whom Financial Resources, Inc. may sell my

mortgage, and to the mortgage guaranty insurer (if any), any and all information that includes, but is not limited to, income and employment history; bank, money market, and similar account balances; credit history; and copies of income tax returns.

3. Financial Resources, Inc., or any investor who purchases the mortgage, or the mortgage guaranty insurer (if any), may address this authorization to any party named in the loan application.

4. A copy of this authorization may be accepted as an original.

5. Your prompt reply to Financial Resources, Inc., the investor that purchased the mortgage, or the mortgage guaranty insurer (if any), is appreciated.

Borrower's Signature

Social Security Number

Co-Borrower's Signature

Social Security Number

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.

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 _____

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 and 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

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.

Date: 11/30/98

Applicants: [REDACTED]

Property Address: [REDACTED]

	Estimated Charge
Appraisal Fee.....	\$ <u>20 275</u>
Credit Report.....	\$ <u>50</u>
Secondary Market Fee.....	\$ <u>400</u>
Title Search.....	\$ <u>150</u>
Attorney Fees (Doc prep, Notary, Etc).....	\$ <u>500</u>
Title Insurance \$2/\$1,000.....	\$ <u>202</u>
Recording Fees.....	\$ <u>50</u>
State tax/stamps \$5/\$1,000.....	\$ <u>635</u>
Survey Waiver Fee.....	\$ <u>75</u>
Portfolio Lender Fees	\$ <u>75</u>
Tax Service Fee.....	\$ <u>105</u>
Misc Cost.....	\$ <u>50</u>
ESTIMATED Closing Costs.....	\$ <u>2502</u>
Points..... <u>0</u>	\$ <u>-</u>
Total ESTIMATED Closing Costs.....	\$ <u>2502</u>

ESTIMATED ESCROW AND PREPAID EXPENSES		
Homeowners Insurance <u>12</u> mo. @ \$ <u>20</u> /mo. = \$		\$ <u>240</u>
Mortgage Insurance mo. @ \$ /mo. = \$		-
Real Estate Taxes <u>2</u> mo. @ \$ <u>100</u> /mo. = \$		\$ <u>200</u>
Total		\$ <u>440</u>
Interest Per Diem <u>7.25%</u> 30 Days @ \$ <u>20¹⁰</u> /day = \$		\$ <u>603</u>
Total ESTIMATED Escrow and Prepaid Expenses		\$ <u>1043</u>

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.

Amount of Loan \$ 101,200 Interest Rate 7.25 Term 180
 Monthly Payment (P&I) \$ 923⁸¹ R.E. Taxes \$ 100 ^{Assoc. dup} \$ 750
 H.O. Insurance \$ 20 Total Monthly Payment \$ 1193⁸¹

Delivery of the above Good Faith Estimate is acknowledged.

Applicant's Signature(s) [Signature] Date _____
 _____ Date _____

**A. U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
SETTLEMENT STATEMENT**

B. TYPE OF LOAN

1. FHA 2. FHLA 3. CONV. UNINS.

4. VA 5. CONV. INS.

6. FILE NUMBER: 7. LOAN NUMBER: [REDACTED]

8. MORTGAGE INS. CASE NO.:

C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. NAME OF BORROWER: [REDACTED]
ADDRESS OF BORROWER: [REDACTED]

E. NAME OF SELLER: [REDACTED]
ADDRESS OF SELLER: [REDACTED]

F. NAME OF LENDER: [REDACTED]
ADDRESS OF LENDER: [REDACTED]

G. PROPERTY LOCATION: [REDACTED]

H. SETTLEMENT AGENT: [REDACTED]
PLACE OF SETTLEMENT: [REDACTED]

I. SETTLEMENT DATE: [REDACTED]

J. SUMMARY OF BORROWER'S TRANSACTION		K. SUMMARY OF SELLER'S TRANSACTION	
100. GROSS AMOUNT DUE FROM BORROWER:		400. GROSS AMOUNT DUE TO SELLER:	
101. Contract sales price	126,500.00	401. Contract sales price	126,500.00
102. Personal property		402. Personal property	
103. Settlement charges to borrower: (from line 1400)	5,235.74	403.	
104.		404.	
105.		405.	
ADJUSTMENTS FOR ITEMS PAID BY SELLER IN ADVANCE:		ADJUSTMENTS FOR ITEMS PAID BY SELLER IN ADVANCE:	
106. City/town taxes 1/16 to 3/31	215.96	406. City/town taxes 1/16 to 3/31	215.96
107. County taxes to		407. County taxes to	
108. Assessments 1/16 to 1/31	138.08	408. Assessments 1/16 to 1/31	138.08
109.		409.	
110.		410.	
111.		411.	
112.		412.	
120. GROSS AMOUNT DUE FROM BORROWER:	132,089.78	420. GROSS AMOUNT DUE TO SELLER:	126,854.04
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER:		500. REDUCTIONS IN AMOUNT DUE TO SELLER:	
201. Deposit or earnest money	10,000.00	501. Excess deposit (see instructions)	
202. Principal amount of new loan(s)	100,000.00	502. Settlement charges to seller (line 1400)	9,609.82
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204.		504. Payoff of first mortgage loan *	137,072.75
205.		505. Payoff of second mortgage loan	
206.		506.	
207.		507.	
208.		508.	
209.		509.	
ADJUSTMENTS FOR ITEMS UNPAID BY SELLER:		ADJUSTMENTS FOR ITEMS UNPAID BY SELLER:	
210. City/town taxes to		510. City/town taxes to	
211. County taxes to		511. County taxes to	
212. Assessments to		512. Assessments to	
213.		513.	
214.		514.	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. TOTAL PAID BY/ FOR BORROWER:	110,000.00	520. TOTAL REDUCTIONS IN AMOUNT DUE SELLER:	146,682.57
300. CASH AT SETTLEMENT FROM/ TO BORROWER:		600. CASH AT SETTLEMENT TO/FROM SELLER:	
301. Gross amount due from borrower (line 120)	132,089.78	601. Gross amount due to seller (line 420)	126,854.04
302. Less amount paid by/for borrower (line 220)	(110,000.00)	602. Less total reductions in amount due seller (line 520)	(146,682.57)
303. CASH (<input checked="" type="checkbox"/> FROM) (<input type="checkbox"/> TO) BORROWER:	22,089.78	603. CASH (<input type="checkbox"/> TO) (<input checked="" type="checkbox"/> FROM) SELLER:	19,828.53



700. TOTAL SALES/BROKER'S COMMISSION:
 BASED ON PRICE \$ 126,500.00 @ 7 % = \$ 8,855.00

DIVISION OF COMMISSION (LINE 700) AS FOLLOWS:		PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLER'S FUNDS AT SETTLEMENT
701.	\$ 4,427.50 to [REDACTED]		
702.	\$ 4,427.50 to [REDACTED]		
703.	Commission paid at settlement		
704.			8,855.00

800. ITEMS PAYABLE IN CONNECTION WITH LOAN:			
801.	Loan Origination fee 1 % [REDACTED]	1,000.00	
802.	Loan Discount 1 % [REDACTED]	1,000.00	
803.	Appraisal Fee to: Financial Resources, Inc.	250.00	
804.	Credit Report to: Financial Resources, Inc.	75.00	
805.	Lender's Inspection fee		
806.	Mortgage insurance application fee to		
807.	Assumption fee		
808.	Financial Resources, Inc. Application Fee	400.00	
809.	Tax Service Fee	75.00	
810.	Flood Certification Fee	22.50	
811.	to Fin. Res., Inc. Third Party Mtg. Fee \$2400	POC	

900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE:			
901.	Interest from 1/15 to 1/31 @ \$ 17.81 /day	302.77	
902.	Mortgage insurance premium for mo. to		
903.	Hazard insurance premium for yrs. to		
904.	Flood Insurance Premium for yrs. to		
905.			

1000. RESERVES DEPOSITED WITH LENDER:			
1001.	Hazard Insurance months @ \$ per month		
1002.	Mortgage Insurance months @ \$ per month		
1003.	City property taxes 4 months @ \$ 87.58 per month	350.32	
1004.	County property taxes months @ \$ per month		
1005.	Annual assessments months @ \$ per month		
1006.	Flood Insurance months @ \$ per month		
1007.	months @ \$ per month		
1008.	Aggregate Adjustment Amount	.01	

1100. TITLE CHARGES:			
1101.	Settlement or closing fee to		
1102.	Abstract or title search to		
1103.	Title examination to		
1104.	Title insurance binder to [REDACTED] - Deed		90.00
1105.	Document preparation to [REDACTED]		
1106.	Notary fees to		
1107.	Attorney's fees to [REDACTED]	700.00	
	(includes above items Numbers: [REDACTED])		
1108.	Title Insurance to [REDACTED]	300.00	
	(includes above items Numbers: 1st Amer. Title Ins. Co.)		
1109.	Lender's coverage \$ 100,000.00		
1110.	Owner's coverage \$		
1111.	(Premium includes 2 Riders and Survey Affidavit)		
1112.	[REDACTED] Fax, Wire, Phone, Copy	63.00	
1113.	[REDACTED] Federal Express		15.00

1200. GOVERNMENT RECORDING AND TRANSFER CHARGES:			
1201.	Recording fees: Deed \$ 20.32 ; Mortgage \$ 44.32 ; Releases \$ 17.32	64.64	17.32
1202.	City/county tax/stamps: Deed \$; Mortgage \$		
1203.	State tax/stamps: Deed \$ 1,265.00 ; Mortgage \$	632.50	632.50
1204.			
1205.			

1300. ADDITIONAL SETTLEMENT CHARGES:			
1301.	Survey to		
1302.	Post Inspection to		
1303.			
1304.			
1305.			
1306.			
1307.			

1400. TOTAL SETTLEMENT CHARGES (Enter on line 103, Section J - and - line 502, Section K)	5,235.74	9,609.82
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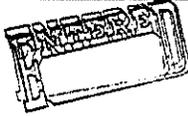
I have carefully read the above information and hereby certify that it is a true and accurate statement of all receipts and disbursements of any knowledge and belief, it is a true and accurate statement of all receipts and disbursements recently that I have received.

Borrower: [REDACTED] Seller: [REDACTED]

The HUD-1 Settlement Statement is a true and accurate account of this transaction. I have caused or will cause the funds to be disbursed to [REDACTED]

Settlement Agent: [REDACTED] Date: January 15, 1999

WARNING: It is a crime to knowingly make false statements to the United States on this or any other similar form. Penalties upon conviction can include a fine or imprisonment. For details see: Title 18 U.S. Code Section: 1001 and Section 1010.

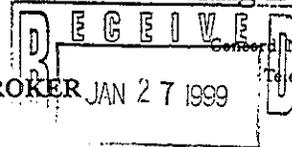


State of New Hampshire

Banking Department

56 Old Suncook Road
Concord, New Hampshire 03301
Telephone: (603) 271-3561

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



READ INSTRUCTIONS CAREFULLY!!!

INSTRUCTIONS

1 ONLY INFORMATION REGARDING NEW HAMPSHIRE FIRST MORTGAGE LOANS SHOULD BE REPORTED ON THIS FORM. Don't double-count loans. List all 1998 loans brokered on Schedule A, and all 1998 loans made on Schedule B. List all loans made during the period January 1, 1998 to December 31, 1998.

2 Fully completed reports must be postmarked on or before February 1 or the licensee WILL be fined \$25/per day for each licensed location. **FINES WILL NOT BE WAIVED!** Due to limited resources, the department is not able to remind licensees if reports are late. Therefore, to avoid a potentially significant fine the licensee should take steps to make certain that the report is completed and postmarked by February 1.

- 3 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.
- 4 If you did not make or purchase any New Hampshire loans during the reporting year, utilize this form and make an affirmative statement that no such loans were made/purchased, (ie: "none", "0", "zero", etc.).
- 5 DO NOT use "N/A", state "not applicable" or leave blank spaces.
- 6 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.
- 7 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.
- 8 If you held a license for any portion of the reporting year you must file a report, even if no loans were made or purchased. Failure to file will result in a \$25/per day fine for each licensed location.
- 9 **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.**

IT IS STRONGLY RECOMMENDED THAT THIS FORM BE FILED VIA REGISTERED MAIL, EXPRESS MAIL OR OTHER DELIVERY MECHANISM THAT WILL PROVIDE YOU WITH A DATED, SIGNED RECEIPT OF DELIVERY

Reporting Period: January 1, 1998 thru December 31, 1998

Name of licensee Financial Resources & Assistance, Inc. License #(s) 5903 5902 MB
(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 Mortgage Broker (Check both if applicable.)

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

Name Scott D. Garah Title Pres

Business Address: Same
(Street)

(603) 279-1133

**SCHEDULE A
NH FIRST MORTGAGE LOANS BROKERED**

	<u>No. of NH Loans</u>	<u>\$ Amount (Omit Cents)</u>
1. NH first mortgage loans <u>BROKERED</u> during reporting year	<u>126</u>	<u>11,895,990</u>

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

	<u>No. of NH Loans</u>	<u>\$ Amount (Omit Cents)</u>
2. NH first mortgage loans MADE during reporting year	* <u>0</u>	# <u>0</u>
3. Total balances outstanding on Dec 31 for all NH first mortgage loans retained or services	<u>0</u>	<u>0</u>

**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	_____	_____
4. Total NH first mortgage loans MADE	* <u>0</u>	# \$ <u>0</u>

* Must agree
Must agree

AFFIRMATION

I, Scott Farah, the undersigned, being
(Name)
the President of Financial Resources, Inc swear, that the
(Title) (Company Name)

foregoing statements have been examined by me, including any statements made in accompanying papers, and to the best of my knowledge and belief are true, accurate and complete.



Signature

State of New Hampshire)
County of Belknap) SS

Subscribed and sworn to before me this 26 day of January, 19 99.


Notary Public - Justice of the Peace

My commission expires _____

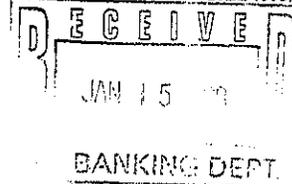


State of New Hampshire

Banking Department

169 Manchester Street
Concord, New Hampshire 03301
Telephone: (603) 271-3561
FAX: (603) 271-1090

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 1997 loans brokered on Schedule A and all 1997 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 97

Name of licensee Financial Resources + Assistance, Inc. License #(s) License # 2503 MB ending 12/31/97
(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 Mortgage Broker (Check both if applicable.)

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

Name Scott D. Garab Title President

Business Address: Same
(Street)

(City) (State) (Zip) (603) 279-1133 (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 <u>BROKERED</u> during reporting year	<u>88</u>	<u>7,360,752.00</u>

**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	* <u>0</u>	# <u>0</u>
Total balances outstanding on Dec 31 for all NH first mortgage loans retained or serviced	<u>0</u>	<u>0</u>

**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	<u>0</u>	\$ <u>0</u>
\$ 50,001 thru \$ 75,000	<u> </u>	<u> </u>
\$ 75,001 thru \$ 100,000	<u> </u>	<u> </u>
\$ 100,001 thru \$ 125,000	<u> </u>	<u> </u>
\$ 125,001 thru \$ 150,000	<u> </u>	<u> </u>
Over \$ 150,000	<u> </u>	<u> </u>
Total NH first mortgage loans MADE	* <u>0</u>	# \$ <u>0</u>

* Must agree
Must agree

AFFIDAVIT

I, SCOTT D. FARATT, the undersigned,
being the President of the Financial Resources + Assistance 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 14th day of January, 1998

[Redacted Notary Signature]
Notary Public/Justice of the Peace

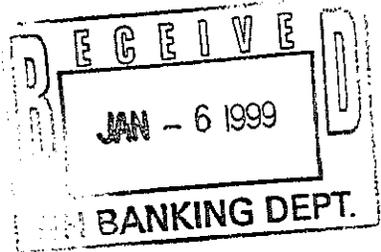
My commission expires _____
ROBERT E. GLENNON, Notary Public
My C. sign Expires September 8, 1999



State of New Hampshire

Banking Department

56 Old Suncook Road
Concord, New Hampshire 03301
Telephone: (603) 271-3561



FORM 397-A-2

APPLICATION FOR FIRST MORTGAGE BANKER AND/OR BROKER LICENSE

License Year: 1999

FOR OFFICE USE ONLY	
Ck. #	<u>23216</u>
Amt. \$	<u>250.⁰⁰</u>
Rec'd By	<u>clb</u> Date <u>1/6/99</u>

Entered By	<u>HA</u> Date <u>1-6-99</u>
App. Complete	<u>KRM</u> Date <u>1/6/99</u>
Approved By	<u>KRM</u> Date <u>1/6/99</u>
Pr. Lic. #	<u>5902</u> Date Mailed <u>1-8-99</u>

New and Renewal Application Fees

Principal Office \$250.00 Each Branch Office \$250.00

Make Check Payable To:
"STATE OF NEW HAMPSHIRE"

INSTRUCTIONS: FULLY complete all items. Type or Print. Incomplete or illegible applications will not be processed. Clearly number all attachments to correspond to the question for which the attachment provides a response. Provide company name and, if applicable, 1998 license number on all attachments. Ensure all forms are properly signed and notarized. Applications filed without payment will not be processed.

DO NOT LEAVE ITEMS BLANK, OR FAIL TO INCLUDE REQUIRED ATTACHMENTS.

APPLICATION STATUS

- Check one: New Application _____
Renewal Application (1998 License # 5902MB)
- Check one: Application for a First Mortgage Banker license _____
Application for a First Mortgage Broker license _____
Application for BOTH a First Mortgage Banker AND Broker license

NAME AND IDENTIFICATION OF APPLICANT

3. Name of Applicant: FINANCIAL RESOURCES + ASSISTANCE, INC *OF THE LAKES REGION, INC*

3a. 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 listed below MUST match registration issued by Secretary of State.

Trade Name: _____

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

PRINCIPAL PLACE OF BUSINESS AND BRANCH LOCATIONS

4a. Applicant's principal place of business (MUST be licensed - \$250 license-fee must be enclosed) :

15 NORTHVIEW DR MEREDITH NH 03253
(Street Address) (City) (State) (Zip)
PO BOX 1158 " " "
(Mailing Address) (City) (State) (Zip)
(603) 279-1133 (603) 279-5912
(Telephone) (Fax)

4b. 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, direct telephone number and fax number for each listed location. (Attach a separate sheet if necessary)

Address Manager Telephone Fax

EXECUTIVE OFFICER

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

Name SCOTT FARAH Title: PRESIDENT
Business Address: ABOVE
(Street) (City) (State) (Zip) (Direct Line Telephone)
Mailing Address: ABOVE
(Street) (City) (State) (Zip)
E-Mail Address: _____

WORLD WIDE WEB ADDRESS

6. Provide applicant's World Wide Web address, if applicable. If no world wide web address, indicate by stating "N/A", "None", "Not Applicable" or similar statement

http:// www. cyberportal.net/fra

BONDING

If "broker" or "banker and broker" is selected in item 2. on page 1, attach ORIGINAL \$20,000 surety bond or ORIGINAL continuation certificate. (Photocopies are NOT acceptable) Provide expiration date of bond 12/31/99 (Must not expire prior to 2/31/99)

Provide name and telephone number of insurance agent: ROWLEY AGENCY, Inc (603) 224-2562
(Name) (Telephone)

APPLICANT'S LEGAL STATUS

Applicant is a: (check one) Corporation Individual _____ Partnership _____
Association _____ Limited Liability Company _____
Other (specify) _____

A. If a corporation, provide date and state of incorporation, and attach a copy of Certificate of Incorporation issued by the State in which the applicant is incorporated.

State: NH Date: 5/18/89

B. If applicant is not a NH entity, attach a copy of certificate of registration as a foreign entity issued by the NH Secretary of State. (NH Secretary of State, Corporate Division - Phone: 603-271-3244)

N.H. AGENT

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: _____

OWNERSHIP AND MANAGEMENT

1. Attach a list of the names, business and residence addresses and titles of the applicant's principal shareholders (10% or more), senior officers (senior vice presidents and higher) 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.

SCOTT FARAH, BUS ADDRESS SAME AS COMPANY -
PRESIDENT, 100% OWNERSHIP RESIDENCE 35 HATCH CORNER RD
POBOX 1404 MEREDITH, NH

Attach resumes or similar documents which indicate the lending and/or loan brokering experience of the applicant organization and the organization's officers and senior employees (senior vice president and higher). Publicly traded corporate applicants or the subsidiaries of publicly traded corporations, need not submit resumes.

RESUME ATTACHED

EXPERIENCE AND PAST CONDUCT

12. 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. *NC OK MI WI*
See LICENSES ATTACHED
13. 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 full details on a separate sheet.
14. 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
(COMPLETE ONLY IF APPLYING FOR A MORTGAGE BANKER LICENSE)

15. Financial Statements: Mortgage banker applicants must demonstrate a minimum net worth of \$100,000, in cash and marketable securities only, to qualify for a license. Attach the following:
- A. Copies of the following that are prepared by a public accountant, certified public accountant or applicant's financial officer (applicant's financial officer must provide signed and notarized statements):
1. Balance sheet, as of most recent quarter end
 2. Cash flow statement, as of most recent quarter end
 3. Income statement, as of most recent quarter end
- } ATTACHED*
- B. Individuals, sole proprietors, partnerships, limited liability companies and corporations with 20 or fewer shareholders must attach most recent federal tax returns.
- C. Publicly traded corporations, and wholly owned subsidiaries of publicly traded corporations, may submit copies of their, or their parent corporation's, most recent SEC 10K and 10Q forms in lieu of financial statements required by A. above.

16. OPERATIONS
- (a) How are loans funded? *The majority of all loans are funded by the entities that are purchasing them, at the closing table.*
- (b) Name(s) loans are closed in? *The majority of all loans are closed in the home of the funding source. The balance are closed in our home.*
- (c) Brokers – attach a list of all correspondent lenders that make NH loans (include company name, address, telephone #'s and contact person for each)
List attached
- Bankers – attach a list of all correspondent brokers that broker NH loans (include company name, address, telephone #'s and contact person for each).
List attached

16.(C) page 4 of 7

✓

[REDACTED]

[REDACTED]

[REDACTED]

✓

[REDACTED]

[REDACTED]

[REDACTED]

■

✓

[REDACTED]

[REDACTED]

[REDACTED]

..(A)

5702.10

FINANCIAL RESOURCES, INC.
1158 Northview Drive
Meredith, NH 03253

BALANCE SHEET
As of September 30, 1998

CURRENT ASSETS

Cash on Hand and in Banks	\$	<u>29,942</u>
Notes, Loans and Other Accounts Receivable		<u>614,000</u>
Real Estate		<u>0</u>
Equipment		<u>45,000</u>
Stocks		<u>0</u>
Other Assets		<u>0</u>
TOTAL ASSETS	\$	<u>688,942</u>

CURRENT LIABILITIES

Notes, Loans and Other Accounts Payable	\$	<u>42,600</u>
Real Estate Mortgages		<u>0</u>
Due on Equipment		<u>4,100</u>
Borrowed or Due on Stocks and Bonds		<u>0</u>
Other Debts & Liabilities		<u>0</u>
TOTAL LIABILITIES	\$	<u>46,700</u>

TOTAL ASSETS

\$ 688,942

TOTAL NET WORTH

\$ 642,242

COBY