

STATE OF NEW HAMPSHIRE
BANKING DEPARTMENT

CONSUMER CREDIT ADMINISTRATION
DIVISION
REPORT OF EXAMINATION

Mortgage Banker
Small Loan Lender
Licensee

9902-FIB
6082-SM
License Number

Financial Resources & Assistance of the Lakes Region Inc.
Licensee

702-0423840
Tax ID Number

Meredith
City

New Hampshire
State

Examined By: Kerry R. Molin
Anna-Maria Tsorvas
Joseph Rouleau

Examination Date: May 18, 2006

THIS REPORT OF EXAMINATION IS STRICTLY CONFIDENTIAL

The information contained herein is based upon records of licensee, upon statements made to the examiner by management, officers, and employees; and upon information derived from sources which the examiner considered reliable and correct.

The subject licensee shall under no circumstances publish, or make public in any manner, this report of examination or any portion thereof. This examination remains the property of the State of New Hampshire Banking Department. RSA 383:10-b.

PETER C. HILDRETH
BANK COMMISSIONER

Exhibit to:

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The State of New Hampshire Banking Department

**Mortgage Banker
REPORT OF EXAMINATION**

DATE	5/18/2006
NAME OF LICENSEE	Financial Resources & Assistance of the Lakes Region, Inc.
ADDRESS	15 Northview Drive
CITY, STATE, ZIP	Meredith, NH, 03253
LICENSE NUMBER	5902-MB
EXAMINER IN CHARGE	Kerry R. Molin
TAX ID NUMBER	02-0433840

REGULATORY AUTHORITY AND SCOPE OF EXAMINATION:

This regularly scheduled examination was conducted pursuant to New Hampshire RSA 383:9 and under the provisions of RSA 397-A:12. A review of the licensee's current regulated business activities, operational practices and financial condition was undertaken to determine compliance with NH RSA 397-A.

The examination took place at the licensee's principal office located in Meredith, NH during the period of May 18 – June 2, 2006 and at the New Hampshire Banking Department office on June 12 & 13, 2006. The contact person was Scott D. Farah, President and owner.

A sample of loans closed during the previous 18 months was selected for examination. A sample of Denied and Withdrawn application files were also examined. The following documents were reviewed: company policies and procedures; home state registration issued by the NH Secretary of State; an organization chart; a description of the internal audit/ compliance function; a list of loan originators; a summary description of company operations; a list of other states issuing a mortgage license; a list of correspondent lenders; a list of shareholders; an itemized list of fees and purpose; a list of approved service providers; a copy of the Balloon Note disclosure; a copy of the internally prepared financial statements for the twelve month period ending December 31, 2005; a copy of the Audited Financial Statements for the twelve month period ending December 31, 2004 and 2003, prepared by the CPA firm –Connor & Associates, PC; bank account statements for 2005; work papers to verify the information submitted in the 2005 and 2004 Annual Reports; a copy of the 2004 Form 1120 Federal Income Tax Return; a copy of media advertisement distributed in New Hampshire; the web site located at www.franh.com; a summary of the consumer complaints; a copy of the affiliate business disclosure; a list of loan products available in New Hampshire; a list of legal and agency enforcement actions; a list of legal suits settled out of court; and a list of locations outside of New Hampshire that conduct New Hampshire Business.

The following summary of the findings presented in the October 11, 2004 Report of Examination were reviewed to determine compliance: advertisement licensing disclosures; failure to report significant events; the use of an unlicensed corporate name and un-registered trade names; the filing of complete financial statements in a timely manner; implementation of the Gramm-Leach-Bliley Act and the safe guarding of consumer information; the incorrect reporting of mortgage broker fees on the HUD settlement statement; the HUD incorrectly reporting payments to the licensee instead of the 3rd party service provider; and the maintenance of a consumer complaint file;

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BACKGROUND:

Financial Resources & Assistance of the Lakes Region, Inc., was organized as a New Hampshire corporation on May 18, 1989. The company is 100% owned Scott D. Farah, President and CEO. The company is licensed as a mortgage banker, but serves primarily as a mortgage broker. The licensee business is divided into residential and commercial lending services. The commercial lending activities comprise approximately half of the company's revenues while consumer lending and brokering activity make up the other half. Mr. Farah also, operates an insurance business called Insurance Options, Inc. from the same location. The law offices of Michael Gould and Michael Burke, PA are sub-leased from the licensee at the same location. The law firm occasionally serves as a settlement agent.

Financial Resources & Assistance of the Lakes Region, Inc. is currently licensed to conduct residential mortgage activity in 13 states including New Hampshire. The company commenced operations in Meredith, New Hampshire with the issuance of First Mortgage Banker and Broker license #5902-MBB and Second Mortgage Home Loan Lender license #5903-MHL prior to 1997. A new combined license #5902-MB was issued for 2006. A new branch office located in Manchester, NH was opened for business with the issuance of license #11508-MB-BCH on February 22, 2006. The company was also issued a Small Loan Lender license #6082-SM to its principal office prior to 1997.

OBSERVATIONS:

- 1. Pursuant to NH RSA 397-A: 10, IV, Change in Name; Ownership; Location.**
The licensee failed to amend its license application within 30 days of a change in ownership. The licensee has been retiring the number of shares of preferred stock outstanding. An amendment to the license application explaining the required changes has not been received by the NH banking department -Licensing Division. *A notice was received on June 7, 2006.*
- 2. Pursuant to NH RSA 397-A: 10, I and IV, Change in Name; Ownership; Location.**
The Signs on the door, the fence and in front of the building indicate the use of the unlicensed corporate name: "Financial Resources, Inc." The following unregistered trade names were also used on loan documents and verifications: "Financial Resources" and "Financial Resources & Assistance". The Broker license issued by the NH Banking Department and the Certificate of Corporate Registration issued by the NH Secretary of State are issued in the name "Financial Resources & Assistance of the Lakes Region, Inc." An amendment to the license application must be filed to add any Trade Name that is used to conduct mortgage broker activities. A copy of the Certificate of Authority issued to the licensee by the NH Secretary of State is required to be sent to the banking department along with the return of the original licenses for amendment. A similar observation has been cited in the two previous examinations.
- 3. Pursuant to NH RSA 397-A: 14 a, III Advertising.** The licensee's web site located at www.franh.com does not contain the required statement, "Licensed by the New Hampshire banking department" (effective August 21, 2003). A similar observation was cited at the previous examination. *A copy of the correction was received on June 7, 2006.*

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4. **Pursuant to NH RSA 397-A:20, II and the NH Code of Administrative Rules, Part Ban 2407**, licensees are required to notify the NHBD of various significant events within one business day or 5 business days of the occurrence depending on the issue. The licensee failed to report the Ronald and Howard Stone civil suite as addressed in the April 25, 2006 Concord Monitor Article. The licensee also failed to notify the NH banking department regarding the suite naming the licensee as a co-defendant in the Chase Manhattan Bank vs. James Moore, et al., dated November 1, 2001. A similar observation was cited in the previous examination.
5. **Pursuant to NH RSA 397-A:2, III referencing the Gramm-Leach-Bliley Act as implemented by the Federal Trade Commission 16 C.F.R. § 314**, financial institutions, such as mortgage companies, must have a written policy outlining their privacy and security procedures and practices. The licensee's Information Security policy is incomplete. The policy provided does not reflect the licensee business organization and operations. The document indicates Nancy O'Connor was named as the Safeguard Program Coordinator. Risk Assessment has not been identified. *A work paper was provided on June 12, 2006 without a final report.* A plan has not been designed, implemented and or tested. Service provider contracts have not been created, reviewed and monitored. The policy should be evaluated periodically and adjustments made where needed. A similar observation was cited in the previous examination.
6. **Pursuant to NH RSA 397-A: 13, I Annual Report.** The loan list provided to select the sample of files for review contained loans secured with Investment property. Management indicated the 2004 First and Second Mortgage Banker & Broker Annual Reports and the 2005 Mortgage Banker Annual Report were overstated with the inclusion of loans secured with Investment property. Investment property is not regulated under this statute and therefore must not be included. The figures reported on the 2004 and 2005 Annual Reports must be amended and resubmitted.
7. **Pursuant to NH RSA 397-A: 11, I, Record Keeping.** The following documents were missing from the designed loan file:

A copy of the Good Faith Estimate (GFE) was missing from the following files:

██████ # ██████

A copy of the final Truth in Lending statement (TIL) was missing from the following files:

██████ # ██████

A copy of the licensee's New Hampshire Balloon Note disclosure was missing from the following files: ██████ # ██████ -2nd; ██████ # ██████ -2nd; and ██████ # ██████.

A copy of the Appraisal was missing from the following files:

██████ # ██████ and # ██████ -2nd (received 6/7/06); and ██████ # ██████ and ██████ # ██████ -2nd (received 6/7/06).

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A copy of the Appraisal Invoice was missing from the following files:

[REDACTED] # [REDACTED] and # [REDACTED] -2nd (received 6/7/06); and
[REDACTED] # [REDACTED] and [REDACTED] # [REDACTED] -2nd (received 6/7/06).

8. Pursuant to NH Code of Administrative Rule, Ban 2504.01. The following loans contained a Note with a repayment schedule that includes a balloon payment at maturity: [REDACTED] # [REDACTED] -2nd, [REDACTED] # [REDACTED] -2nd; and [REDACTED] # [REDACTED]. The files did not contain a copy of the licensee's New Hampshire Balloon Payment Disclosure Statement. Compliance could not be determined.

9. Pursuant to NH RSA 397-A: 2, III referencing the Real Estate Settlement Procedures Act, Regulation X, 24 C.F.R 3500.7, (c) and Appendix A, B, & C. The Good Faith Estimate (GFE) contained a yield spread premium (YSP) disclosure which reads, "0-2%" or "0-3%." RESPA allows for fees to be disclosed as a dollar amount, a dollar range, or a percentage. The following files all contained a GFE which reported the range 0 -2%: [REDACTED] # [REDACTED]; and [REDACTED] # [REDACTED]. The following files all contained a GFE which reported the range 0 -3%: [REDACTED] # [REDACTED]; [REDACTED] # [REDACTED] -2nd; [REDACTED] # [REDACTED]; [REDACTED] # [REDACTED].

The GFE report fees paid to the Broker on Line #801 for the following loans:

[REDACTED] # [REDACTED] -2nd; [REDACTED] # [REDACTED]; [REDACTED] # [REDACTED]; [REDACTED] # [REDACTED].
Line #801 is restricted to use for fees paid to the Lender.

10. Pursuant to NH RSA 397-A:2, III referencing the Real Estate Settlement Procedures Act, Regulation X, 24 C.F.R. §3500.8, and Appendix A, Section L, the HUD-1 settlement statement incorrectly reports payments to the licensee instead of the 3rd party service provider for the following loans: [REDACTED] # [REDACTED]; [REDACTED] # [REDACTED] -2nd; [REDACTED] # [REDACTED]; [REDACTED] # [REDACTED]. The ultimate recipient of the fee must be disclosed on the HUD-1.

11. Pursuant to NH RSA 397-A:2, III referencing the Real Estate Settlement Procedures Act, Regulation X, 24 C.F.R. § 3500.8, and Appendix A, the HUD - 1 settlement document for the following loans where the licensee serves in the capacity as Lender report fees incorrectly on lines #801-#807: [REDACTED] # [REDACTED]. Lines #801 -807 are restricted to the items as detailed in the HUD Settlement guide.

12. Pursuant to NH RSA 397-A:2, III referencing the Real Estate Settlement Procedures Act, Regulation X, 24 C.F.R. § 3500.14, A copy of the vendor invoices for the borrower's credit report fee and the real estate appraisal fee were reviewed. The Real Estate Appraisal fee listed on the GFE and the HUD-1 could not be supported by invoice issued by the service provider for the following files: [REDACTED] # [REDACTED].

Exhibit to:

Appendix A Page A-12
Paragraph 27 + 31

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13. Pursuant to NH RSA 397-A: 13, V Reports, The following documents or responses to the "Notice of Examination" and Officer Questionnaire were incomplete or missing:

The licensee does not maintain a control list of Denied / Withdrawn applications to keep track of what is in its pipeline. Applications are filed in Alpha order by the client's last name. The files are not segregated by state. The licensee conducts business in the following 14 states, GA, ID, MD, MA, ME, MI, NH, NM, NC, OK, PA, TX, VA, and WA. A control list should be maintained to select a sample of files for review. Files must be segregated by state.

The following items and questions on the Mortgage Officer Questionnaire are incomplete or missing:

- #1 No response. Received information 5/24/06. Reviewed Employee handbook, Privacy Policy and Security policy. Information Security policy is not adequate.
Gramm-Leach-Bliley Act, Safeguards 16 C.F.R. 314 (compliance 5/23/03)
Written Consumer Safeguard policy in place -incomplete
Designate employee(s) to coordinate program.
Named: Nancy O'Connor -Safeguard Program Coordinator
Risk Assessment -not identified. *Received work paper 6/12/06 without report.*
Design, implement and testing -*not identified.*
Service provider monitoring/ contracts -*not done.*
Evaluations and Adjustments -*not seen.*
- #8 No response. Received internal audit report information 5/24/06. The response indicates employees are provided compliance training as part of the annual employee review.
A copy of an annual employee review was not provided.
- #9 Incomplete. The list is missing the names and addresses of the 7 Preferred shareholders.
Received preferred shareholder list on 6/1/06 as of December 31, 2005.
- #10 Incomplete -The list of Originators is missing the address of their work location.
Revised 6/2/06 and amended
- #16 Incomplete -The names and percent of ownership of the 7 preferred stockholders is missing.
Received preferred shareholder list on 6/1/06 as of December 31, 2005.
- #18 No response. Received information 5/24/06 which indicates approved service providers. There was no response to Part II. Are any of the service providers related or affiliated?
Revised statement received 6/2/06 which addressed Part II.
- #27 No response. Licensee failed to provided Financial Statements (balance sheet, cash flow statement and income statement) for the 1st Quarter ending March 31, 2006.
- #28 No response. Licensee failed to provide work papers and source documents to verify the 2005 Annual Report and the 2004 Annual Report.

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Licensee failed to provide work papers and supporting documents to verify the 2005 internally prepared financial statements. Response received 5/24/06. Incomplete - documents missing.

Received 2005 & 2004 annual report response 6/1/06. 2005 -2nd Mtg report includes investment property. The licensee served as the Lender for the loan to [REDACTED]. The [REDACTED] loan is on the loan report in the amount of \$130,000, but closed at \$142,250. The annual reports indicate all loans were closed in the capacity as "Broker". Income from NH properties was not segregated until 1/1/06. No information was provided to verify the 2004 figures reported for All jurisdictions. No income reports provided to verify figures. Annual Report amendments are required for 2005 and 2004.

Received documents 6/1 & 6/2/06 to verify the internally prepared December 31, 2005 Statement of Condition. There were numerous errors and adjustments required. *Licensee does not maintain a General Ledger and financial records. The CPA reconciles bank statements quarterly and prepares audited financial statements on a cash basis for the year ending December 31.*

#33 No response. Received summary of written consumer complaint information 5/24/06. The issues were not reported as a significant event when appropriate.

#44 No response. Received information 5/24/06. The response does not address the question. What are the procedures in place to notify the applicant a loan has been denied or withdrawn? *Received revision 6/2/06.*

#45 No response. Received response 5/24/06. Failed to provide a copy of an Operating account register. The licensee does not maintain a general ledger and general journal. Records are keep manually. Income and expense are record in the Check registers only. Multiple accounts used at multiple financial institutions.

#49 Incomplete -missing telephone number, fax number, and internet address for branch offices located outside New Hampshire. *Revised document received 6/2/06.*

#52 No response. Received contract information 5/24/06 for third party service providers. *No written contract with the Computer Servicer and with the Credit Bureau. Received additional information regarding computer servicer. No contract in place. Individual retiring October 1, 2006. Information Security agreement to be created by current provider and by replacement.*

The Officer Questionnaire is missing the last page which requires a signature and notarization. *Received information 5/24/06. Completed in the unlicensed name of "Financial Resources"*

Examiner (Signature)

[REDACTED]

Exhibit to:

Signature redacted. Signed by:

Kerry R. Molin

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The State of New Hampshire Banking Department

**Small Loan Lender
REPORT OF EXAMINATION**

DATE	5/18/2006
NAME OF LICENSEE	Financial Resources & Assistance of the Lakes Region, Inc.
ADDRESS	15 Northview Drive
CITY, STATE, ZIP	Meredith, NH, 03253
LICENSE NUMBER	6082-SM
EXAMINER IN CHARGE	Kerry R. Molin
TAX ID NUMBER	02-0433840

REGULATORY AUTHORITY AND SCOPE OF EXAMINATION:

This regularly scheduled examination was conducted pursuant to New Hampshire RSA 383: 9 and under the provisions of RSA 399-A:10. A review of the licensee's current regulated business activities, operational practices and financial condition was undertaken to determine compliance with NH RSA 399-A.

The examination took place at the licensee's principal office located in Meredith, NH during the period of May 18 --June 2, 2006 and at the New Hampshire Banking Department office on June 13 & 14, 2006. The contact person was Scott D. Farah, President and owner.

The following documents were reviewed: company policies and procedures; home state registration issued by the NH Secretary of State; an organization chart; a description of the internal audit/ compliance function; a list of loan originators; a summary description of company operations; a list of other states issuing a mortgage license; a list of correspondent lenders; a list of shareholders; an itemized list of fees and purpose; a list of approved service providers; a copy of the Balloon Note disclosure; a copy of the internally prepared financial statements for the twelve month period ending December 31, 2005; a copy of the Audited Financial Statements for the twelve month period ending December 31, 2004 and 2003, prepared by the CPA firm - Connor & Associates, PC; bank account statements for 2005; work papers to verify the information submitted in the 2005 and 2004 Annual Reports; a copy of the 2004 Form 1120 Federal Income Tax Return; a copy of media advertisement distributed in New Hampshire; the web site located at www.franh.com; a summary of the consumer complaints; a copy of the affiliate business disclosure; a list of loan products available in New Hampshire; a list of legal and agency enforcement actions; a list of legal suits settled out of court; and a list of locations outside of New Hampshire that conduct New Hampshire Business.

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BACKGROUND:

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OBSERVATIONS:

1. **Pursuant to NH RSA 399-A: 4, VIII (a) Investigation of Application; License Requirements.** The licensee reported it has not closed any small loans during the time period under examination, so no consumer applications or small loan files were available for examination to determine compliance with RSA 399-A. Management indicated the Small Loan license was in the process of being surrendered. The licensee surrendered its Small Loan license on June 7, 2006.

Signature redacted. Signed by:

Kimothy Griffin

Examiner (Signature)

Signature redacted. Signed by:

Kerry R. Molin

Exhibit to:

Appendix A Page A-12
Paragraph 27 + 31

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

B. TYPE OF LOAN
 1. FHA 2. FHMA 3. CONV. UNINS.
 4. VA 5. CONV. INS.
 6. FILE NUMBER: _____ 7. LOAN NUMBER: _____
 FR: _____
 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 & ADDRESS OF BORROWER: _____
 E. NAME & ADDRESS OF SELLER: _____
 F. NAME & ADDRESS OF LENDER: _____
 G. PROPERTY LOCATION: _____
 H. SETTLEMENT AGENT: The Sargent Law Offices, PLLC
 PLACE OF SETTLEMENT: 1541 Elm Street, Manchester, NH 03101 (603) 622-3203
 I. SETTLEMENT DATE: 3/23/2006 DISBURSEMENT DATE: 3/23/2006

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	149,000.00	401. Contract sales price	149,000.00
102. Personal property		402. Personal property	
103. Settlement charges to borrower: (line 1400)	5,237.26	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 03/23/06 to 03/31/06	64.65	406. City/town taxes 03/23/06 to 03/31/06	64.65
107. County taxes to		407. County taxes to	
108. Assessments to		408. Assessments to	
109. Condo Fee 3/23/2006 to 3/31/2006	38.14	409. Condo Fee 3/23/2006 to 3/31/2006	38.14
110. Sewer Charge 3/23/2006 to 3/31/2006	4.38	410. Sewer Charge 3/23/2006 to 3/31/2006	4.38
111.		411.	
112.		412.	
113.		413.	
114.		414.	
115.		415.	
116.		416.	
120. Gross Amount Due From Borrower:	154,344.43	420. Gross Amount Due To Seller:	149,107.17
200. Amounts Paid By Or In Behalf Of Borrower:		500. Reductions In Amount Due To Seller:	
201. Deposit or earnest money	1,000.00	501. Excess deposit (see instructions)	
202. Principal amount of new loan(s)	119,200.00	502. Settlement charges to seller (line 1400)	8,647.50
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204. Deposit to 2nd mortgage proceeds	28,886.61	504. Payoff 1st Mtg. Ln. National City Mortgage	111,895.37
205.		505. Payoff 2nd Mtg. Ln.	
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. Seller Paid Closing Costs	3,000.00	513. Seller Paid Closing Costs	3,000.00
214.		514.	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. Total Paid By/For Borrower:	152,086.61	520. Total Reductions In Amount Due Seller:	123,542.87
300. Cash At Settlement From/To Borrower:		600. Cash At Settlement From/To Seller:	
301. Gross amount due from borrower (line 120)	154,344.43	601. Gross amount due to seller (line 420)	149,107.17
302. Less amount paid by/for borrower (line 220)	152,086.61	602. Less reductions in amount due seller (line 520)	123,542.87
303. Cash (X) FROM () TO Borrower:	2,257.82	603. Cash (X) TO () FROM Seller:	25,564.30

A. U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT

SETTLEMENT STATEMENT

Optional Form for Transactions without Sellers

NAME AND ADDRESS OF BORROWER: [REDACTED]	NAME AND ADDRESS OF LENDER: [REDACTED]
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PROPERTY LOCATION: [REDACTED]	SETTLEMENT AGENT: Jason M. Sullivan, Esq.
	PLACE OF SETTLEMENT: One New Hampshire Ave, Ste. 125 Portsmouth, NH 03801
	SETTLEMENT DATE: December 9, 2005 Disburse:12/19/05
	LOAN NUMBER: [REDACTED]

L. SETTLEMENT CHARGES	M. DISBURSEMENT TO OTHERS
800. ITEMS PAYABLE IN CONNECTION WITH LOAN	
801. Loan Origination Fee 7.0000% to Financial Resources	1501. Payoff Beneficial to 13,831.08
802. Loan Discount % to	1502. Payoff-(est.) to Harmon Law Offices 90,054.93
803. Appraisal Fee to \$350 POC	1503. Attorneys Fee to Gould and Burke, PLLC 950.00
804. Credit Report to Financial Resources 15.00	1504.
805. Processing Fee to Financial Resources 525.00	1505. December 2005 Prop. Taxes to Town of Derry 2,603.64
806. Underwriting Fee to Financial Resources 995.00	1506.
807. Mortgage Broker Fee to	1507. Payment to 1st Nat. Bank Marin 245.00
808.	1508. Payment to Collection 98141317 2,245.00
809.	1509. Adv. Partial. Mo Pay. Escrow to Fin. Res. @\$900/mo 10,800.00
810.	1510.
811.	1511.
812.	1512.
813.	1513.
814.	1514.
815.	1520. TOTAL DISBURSED (enter on line 1603) 120,729.65
816.	
817.	
818.	
819.	
820.	
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE	
901. Interest 12/19/05 to 01/01/06 @ \$ 55.319400/day 719.15	
902. Mortgage Insurance Prem for months to	
903. Hazard Insurance Prem for 1.0 yr to Elliot Insurance Agency 585.41	
904.	
905.	
1000. RESERVES DEPOSITED WITH LENDER	
1001. Hazard Insurance months @ \$ per month	
1002. Mortgage Insurance months @ \$ per month	
1003. City/Town Taxes 12.000 months @ \$ 350.00 per month 4,200.00	
1004. County Taxes months @ \$ per month	
1005. Assessments months @ \$ per month	
1006. months @ \$ per month	
1007. months @ \$ per month	
1008. months @ \$ per month 0.00	
1100. TITLE CHARGES	
1101. Settlement Fee to	
1102. Title Search to Crockett Titles 83.00	
1103. Title Examination to	
1104. Title Ins. Binder to	
1105. Document Prep. to	
1106. Notary Fees to	
1107. Attorney's Fees to Jason M. Sullivan, Esq. 1,000.00 (includes above item numbers: 1101,1103,1104,1105,1106)	
1108. Title Insurance to LOJMS 65%/Chicago Title 35% 387.75 (includes above item numbers: 1109)	
1109. Lender's Coverage \$ 142,250.00	
1110. Owner's Coverage \$	
1111.	
1112.	
1113.	
1114.	
1115.	
1116.	
1117.	
1118.	
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES	
1201. Recording fees: Mortgage \$ 84.97 ; Releases \$ 84.97	
1202. City/County Tax/Stamps: Mortgage \$	
1203. State Tax/Stamps: Mortgage \$	
1204.	
1205.	
1300. ADDITIONAL SETTLEMENT CHARGES	
1301. Survey	
1302. Pest Inspection	
1303.	
1304.	
1305.	
1400. TOTAL SETTLEMENT CHARGES (enter on line 1602) 18,552.78	

N. NET SETTLEMENT	
1600. Loan Amount	\$ 142,250.00
1601. Plus Cash/Check from Borrower	\$ 0.00
1602. Minus Total Settlement Charges (line 1400)	\$ 18,552.78
1603. Minus Total Disbursements to Others (line 1520)	\$ 120,729.65
1604. Equals Disbursements to Borrower (after expiration of any applicable rescission period required by law)	\$ 2,967.57

The undersigned hereby acknowledge receipt of a completed copy of this statement & any attachments referred to herein.

Borrower [REDACTED]

Jason M. Sullivan, Esq.
Settlement Agent

Certified to be a true copy.

Exhibit to:

Settlement Statement
Optional Form for
Transactions without Sellers

U.S. Department of Housing
and Urban Development

OMB Approval No. 2502-0491

Name & Address of Borrower: [REDACTED]	Name & Address of Lender: [REDACTED]
Property Location: (if different from above)	Settlement Agent: GROUP 9
	Place of Settlement: [REDACTED]
Loan Number: [REDACTED]	Settlement Date: December 22, 2005

L. Settlement Charges		M. Disbursement to Others	
800. Items Payable in Connection with Loan		1501. UNDISBURSED FUNDS	119,850.05
801. Loan Origination Fee	%	1502.	
802. Loan Discount	%	1503.	
803. Appraisal Fee to VALUENET	85.00	1504.	
804. Credit Report to		1505.	
805. Lender's Inspection Fee		1506.	
806. Mortgage Insurance Application Fee		1507.	
807. Assumption Fee		1508.	
808. Mortgage Broker Fee		1509.	
809. NET FRONT ORIGINATOR FEE TO FINANCIAL RESOURCE	2 1,630.00	1510.	
810. GROSS LENDER PAID COMP TO FINANCIAL RESOUR \$2,000.00(POC)	2	1511.	
811. NET LENDER PAID COMP TO FINANCIAL RESOUR \$2,000.00(POC)		1512.	
812. FLOOD DETERMINATION - FDSI	7.00	1513.	
813. PROCESSING FEE	175.00	1514.	
814.		1515.	
815.		1520. TOTAL DISBURSED	119,850.05
816.		(enter on line 1603)	
817. FLOOD LIFE-OF-LOAN COVERAGE - FDSI	2.00		
818.			
819.			
820.			
900. Items Required by Lender to be Paid in Advance			
901. Interest from to @ \$ /day			
902. Mortgage Insurance Premium for months to			
903. Hazard Insurance Premium for 12 months to \$443.00(POC) VERMONT MUTUAL INS CO			
904. Flood Insurance Premium			
905.			
1000. Reserves Deposited with Lender			
1001. Hazard insurance mos. @ \$ per mo.			
1002. Mortgage insurance mos. @ \$ per mo.			
1003. City property taxes mos. @ \$ per mo.			
1004. County property taxes mos. @ \$ per mo.			
1005. Annual assessments mos. @ \$ per mo.			
1006. mos. @ \$ per mo.			
1007. mos. @ \$ per mo.			
1008. Aggregate Accounting Adjustment	0.00		
1100. Title Charges			
1101. Settlement or closing fee to GROUP 9	95.00		
1102. Abstract or title search to GROUP 9	35.00		
1103. Title examination to			
1104. Title insurance binder to			
1105. Document preparation to			
1106. Notary fees to			
1107. Attorney's fees to (includes above item numbers)			
1108. Title insurance to (includes above item numbers)			
1109. Lender's coverage \$			
1110. Owner's coverage \$			
1111. MORTGAGE ORIGINATORS E&O TO GROUP 9, INC	36.00		
1112. MERS REGISTRATION FEE	3.95		
1113. RECORDING SERVICE FEE TO GROUP 9	25.00		

Exhibit to: