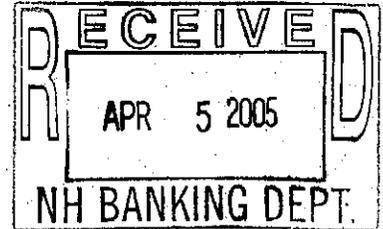


[REDACTED]

Mr Peter C. Hildreth
Bank Commissioner
64B Suncoock Rd
Concord NH 03301



RE: Complaint from [REDACTED] to Financial Resources

Dear Mr. Hildreth;

I received your letter dated March 17th, 2005. My apologies for not replying sooner but my financial situation has forced me to find work wherever and whenever possible to keep food on the table. Some of my shifts have been 11pm to 7am and the following day from 3pm to 11pm and has left me with very little time. A very "trying" situation.

Your letter states at the end that "Mr Farah has sufficiently addressed your complaint". That would be true only if his statements were true and accepted on face value. I have addressed Mr Farah's responses in as close to chronological order as I could. Some of his statements are outright false and I have detailed that as best I could. Other statements of his own prove his "misleading" tactics.

Please take note of the following points in my reply. If there is still nothing that can be done, Please let me know. I just still can't understand how a business can outright lie and present false documents to "lure" a client into a mortgage.

- 1). I have never seen page 1 of "Attachment A". I know it was never mailed to me as the address contains my then physical address and the post office does not deliver to that address. I am always warning people about this. Page 2 does contain my signature.
- 2). Financial Resources initially offered a loan of 65% LTV on \$369,000. That was in writing. I told them I needed at least 70%LTV to go through with the deal. They faxed a letter stating they would give a 70% LTV. They neglected to say they were lowering the base amount of the loan to achieve the 70% (misleading).

Commissioner Hildreth, Please let me know your feelings on this situation. Disregarding the dire straights Mr Farah's tactics have left me in, I still can't believe a company can use lies and underhanded tactics to lure clients into financial transactions. Throughout this entire process I felt like a sheep being led to slaughter. Particularly his parting statement which I mentioned below.

Sincerley

[REDACTED SIGNATURE]

Exhibit to:

[REDACTED]

Mr Peter C. Hildreth
Bank Commissioner
64B Suncoock Rd
Concord NH 03301

RE: Complaint from [REDACTED] to Financial Resources

Dear Mr. Hildreth;

In reply to the letter from Mr Farah of Financial Resources. There seems to be several "holes" in Mr Farah's facts that I feel need addressing. For ease of reading I will try to keep my replies in the same order they appeared in his letter.

First, Mr Farah states I came to him after being declined by banks for a mortgage for [REDACTED]. That is not true. I came to him first and was never declined by any other institution for financing on this property. I came to Mr Farah first because I had used his services when I purchased the home I was selling for a residential loan. It was he who stated that because [REDACTED] had no financial "history" I would have a difficult time finding financing but he was fairly sure he could do it. He never recommended I seek out a more established [REDACTED]. Mr Farah was informed right up front that I was purchasing [REDACTED] because the price was within my reach partially because it had been closed for some time. I was aware of this and knew I could "turn it around" and I DID! The selling price (when I sold it) along with figures proves this.

Regarding Mr Farah reviewing "lock outs" and "pre pay penalties" with me, this is not true. After my first meeting with Mr Farah he passed me on to Mr Jason Biedrzycki. From that time on Mr Farah would not answer any of my questions. He would always state that Mr Biedrzycki is in charge of this. I made SEVERAL calls to Mr Farah with some concerns I had about how Mr Biedrzycki was handling it. Mr Farah always said he knew nothing about it and Mr Biedrzycki would help me. Mr Farah never seemed to know anything about this transaction after it's initial concept.

Exhibit to:

Regarding Attachment "A". That is my signature. However, there are two points that bother me. I have never seen the first page of that document. Although at that time, the "lock out" term would not have attracted my attention because at that time I was unfamiliar with the term and looking at it now it looks like part of the 5% pre pay penalty and not a separate item. But the address on the attachment's first page does attract my attention. It is my physical address and not my mailing address. I always bring that to people's attention on documents, as the post office does not send mail to that address. I had a PO Box. That document could not have been mailed to me as it would have been returned. Secondly, that page also states a mortgage of \$239,850 which indicates a 65% LTV on \$369,000.00. Why then, when Mr Biedrzycki told me he would give 70% LTV was the "base" amount changed. Again, A misleading statement and action.

Regarding my cash reserves being insufficient. Immediately after my initial consultation with Mr Farah I called him and (after being passed to Mr Biedrzycki) I told Mr Biedrzycki that a 65% LTV on \$369,000 would leave me insufficient funds to run [REDACTED] and that if I could not get 70%LTV I would not go through with the deal. As is evident in the previous attachment (Mr Biedrzycki's "letter of commitment") he stated he could get 70% on \$369,000 for a \$258,300 mortgage. Since this was in writing from Mr Biedrzycki, I went ahead and signed off on the sale of my home and signed off on the financing contingency for [REDACTED]. From this point on if I backed out on either, I stood a chance and most likely would be sued by the buyers of my home and/or lose my good faith deposit on the purchase of the Inn. At this point I was committed. My decision was SOLELY based on Mr Biedrzycki's letter of commitment for a loan amount of \$258,300. This would leave me ample working capital to start to make the Inn successful and give me a "buffer".

Regarding my having signed a letter from Interbay on November 4th, That letter was presented to me on the closing day at Mr Farah's office along with all the other closing documents. Incidentally, The closing day was one of the few times Mr Farah intervened. He did "look" into the closing room and state "You do know there's a 5% pre-pay on that loan, right?". My reply was "I do now". At that point I had JUST learned about it. I was still unaware and even unfamiliar with the term "lockout". I didn't know what a lockout was until I sold [REDACTED]. Neither Mr Farah nor Mr Biedrzycki were present at the closing.

The only other time I spoke with Mr Farah after the closing regarding the Inn was on leaving his office after the closing. Mr Farah made a comment to me that "It looks like you ended up making an even trade, A home for [REDACTED]". At that point I turned to my wife and said that was a "cold" comment considering what I had just been through. (His company misrepresenting the loan amount and leaving me with no funds). I said nothing in reply.

Exhibit to:

In Mr Farah's conclusion regarding it being unfortunate that I was unable to operate my business effectively. In defense to this, My figures showed and the sale price showed that I WAS able to build it somewhat despite my shortage of funds. However, I was unable to meet month to month expenditures adequately during the slow season due to the lack of a working "buffer" that I had counted on at the sale. Had I known that I would not have this "buffer" before selling my home, I would definitely NOT have taken on this venture.

As I mentioned in a previous paragraph, and as Mr Farah stated, I could have backed down at the closing table once I realized what Mr Farah had done to me, BUT, I had closed on my home that same morning so I would have been homeless plus I had signed off on all contingencies for the purchase of the Inn so I would most likely have lost my good faith deposit and because [REDACTED] owners had moved, I would have most likely been sued by them. I was "forced" to close on the deal. This was all due to Mr Biedrzycki 's letter of commitment promising 70% LTV on \$369,000. In retrospect it seems Mr Farah arranged the deal so that I would have JUST enough to close to make sure it WOULD close having taken every other "penny" he could squeeze out with complete disregard for the correspondence between myself and Mr Biedrzycki (his representative). Lastly, Mr Farah stated that I was "counting" on the promised \$258,300 loan amount and he also states that I should review the document of October 10th 2003. I am confused about that statement. I INCLUDED the letter of commitment from Mr Biedrzycki dated October 10th which states I was to receive \$258,300 as a loan amount. The October 10th letter SPECIFICALLY STATES that I was to receive \$258,300 for a loan.

As a side note, Mr Farah mentions documents dated on November 4th 2003. Considering I was moving out of my home, I "took down" all my computer equipment on November 1st in preparation to move and Mr Biedrzycki was informed about this in advance. Although my fax was Web based and would receive the fax, I had no access to it from 11/1/03 to approximately 11/10/03 after moving into [REDACTED] So I would not have received any faxes in those dates. Consequently any of those faxes would have been presented to me at closing.

In Summary:

Regarding the letter of commitment. The letter from Mr Jason Biedrzycki dated October 10th specifically states a 70% LTV of \$369,000. Mr Biedrzycki's LOC also stated there would be \$50,823.90 cash due from me at closing and at "WORST CASE SCENARIO" it would be \$67,501.40. These figures were a far cry from the actual closing figures. They were very misleading. I now realize that this mortgage was considered a "commercial" loan and that being a commercial loan it carries no protection and is buyer beware. However, Even in a commercial loan, is it common practice to lie about the amount to be loaned in order to "draw" a potential client in and actually give a far less amount on closing? The client obviously has the opportunity to back out at the closing table if the loan is unsatisfactory but must be willing to suffer the consequences such as being sued by the buyers of my home (or in my case, having no home) and losing my good faith deposit on The Inn as well as possibly being sued by the sellers of [REDACTED] as they were moved out and incurred expenses in that move after receiving my commitment.

Mr Farah passed this transaction over to Mr Biedrzycki right from the outset. Because of this, I don't understand how Mr Farah can claim he "went over" all the details about lock outs, prepays and especially stating that he suggested I consider a more established [REDACTED]. Mr Farah knew from the outset that I was purchasing [REDACTED] because of the price and that I also knew the price was because it lacked a financial past. Mr Farah never discussed this with me, though if he had it probably would not have made a difference as I knew what I was buying and my performance proved I was able to make it work. Despite the position Mr Farah's tactics put me in, I was able to keep it going for a year but the lack of working capital took it's toll during the slower season thus forcing me to sell [REDACTED]. If I had the "cash buffer" that I planned on I could have carried it through the slower season and made it successful. I was fortunate to find a buyer as quickly as I did and considering I purchased it for \$369,000 and sold it for \$425,000 proves I took a functionally closed [REDACTED] and made it attractive to a buyer.

Regarding the Lock out. When I decided to sell [REDACTED] I called Interbay (Bayview) for a buy out price. I was told it was \$255,000. Considering my loan amount was \$232,000 and I had a 5% pre-pay penalty that was reasonable. When I received the hard copy buy out information, It was AGAIN quite different than what I was told on the phone. When I asked why there was such a difference the person that originally quoted me the \$255,000 said he didn't "see" the lockout clause because it wasn't "in the usual place". I reminded him that I agreed on a sales price for the Inn based on his statement. He had nothing to say about it but once again, Is there no liability for the actions of companies. Can they outright lie to gain what they want? I knew nothing of lockouts before selling [REDACTED] and was never informed about them.

Exhibit to:

Regarding this being a commercial loan. Financial Resources claims this is a commercial loan yet at closing they claimed that because [REDACTED] had no financial past, they could give no consideration to the business portion of [REDACTED] when calculating the loan. Which is where the problems came in. Financial Resources stated that it all depended on only the property valuation (Appraisal). If that went well all was fine according to Mr. Biedrzycki. The appraisal came in at \$405,000 and the selling price was \$369,000 so all "went well". However, At the closing I was told that, again, because of the lack of business history Financial resources could only lend on the actual "real estate portion" and not on the business portion. To my dismay, they considered the furniture and fixtures part of the business such as kitchen stoves, walk in refrigerators, coolers, fryolator, etc. These were part of the fixtures and built in. These were valued at \$35,000 by the appraiser so Financial Resources stated at closing that although they were giving me 70% LTV, It was only on the real estate, not the business.

In retrospect, This was *another* very misleading tactic. At the outset I stated I would only go through with this if I could get at least 70% LTV. Mr Biedrzycki then stated he COULD give me 70% LTV and he stated in writing that it would be 70% on the full \$369,000. However, at the closing they "changed the rules" and although they were still giving me 70%LTV it was only on the real estate portion and nothing whatsoever on the business portion. Disregarding the misleading statements made by Financial Resources' Jason Biedrzycki about the amount I would receive. What made this a commercial loan? They would not lend on any portion of the business and wouldn't consider it a "business" because it had no past financial history. Considering it was also my primary residence, The loan was *treated* as a residential loan but with commercial terms.

Sincerely;

[REDACTED]

[REDACTED]

Exhibit to: