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RECEIVED MAR 20 2006 NH BANKING DEPT.

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March 17, 2006

Andrea J. Shaw
Staff Attorney
Banking Department/State of NH
64 B Old Suncook Road
Concord, New Hampshire 03301

Re: Consumer Complaint of [redacted]

Dear Attorney Shaw:

I have received and reviewed the complaint in the above-referenced matter with Scott Farah of Financial Resources and Assistance of the Lakes Region, Inc. and his mortgage loan officer Jared King, the individual who had direct contact with Mr. [redacted] and Mr. [redacted]ttorney throughout the loan application process. Additionally, I was directly in contact with Mr. King's attorney Darlene Daniele during the period immediately prior to Mr. [redacted] ultimate rescission of the loan.

The chronology of events is roughly as follows:

1. Mr. [redacted] was referred to Financial Resources and Assistance of the Lakes Region, Inc. by Tilton Home Center apparently after inquiring about the purchase of a manufactured home.

2. Mr. [redacted] filled out a loan application, a release of information and provided some supporting documentation in advance of his contact with Financial Resources and Assistance of the Lakes Region, Inc.

3. Mr. [redacted] contacted Financial Resources and Assistance of the Lakes Region, Inc. by telephone on August 31, 2005 in an effort to obtain a loan for the purchase and installation of the manufactured housing on his property. His file was given to Jared King for processing.

4. At the time of his initial contact with Financial Resources and Assistance of the Lakes Region, Inc. Mr. [redacted] had not selected a style of manufactured housing nor a vendor.

5. Over the course of the next three weeks Financial Resources and Assistance of the Lakes Region, Inc. was contacted by Tilton Home Center, Camelot Mobile Homes and Bean's Mobile Homes regarding M[redacted]s prospective purchase.

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6. During this period time Mr. [redacted] provided additional supporting documentation for his loan application including bank statements, proof of income and expenses.

7. By early October, 2005 Jared King had sufficient information from Mr [redacted] and his prospective vendors in order to analyze Mr [redacted] for funding.

8. Based on the vendor's Mr. [redacted] had proposed, the limitations Mr. [redacted] placed on financial outlays each month, Mr. [redacted] creditworthiness, the practice in that industry to prefer "curbside" funding versus the lenders' practice to prefer "onsite" funding, it became apparent to Mr. King that Mr. [redacted] would not qualify for funding for the purchase of manufactured housing.

9. Mr. King determined that Mr. [redacted] was a candidate for an alternative construction funding program wherein a short term loan could be made to the borrower to set up the proposed construction while at the same time the borrower would be "pre-qualified" by a conventional lender for a take out loan. The take out loan would not support the purchase of a manufactured home, but it would support the purchase of a modular home.

10. The alternative construction funding program had built in limitation on loan to value ratios and inherent variables such as changes in the borrower's financial status that prevented a formal commitment on the long term take out loan.

11. These limitations as well as the problem with the take loan were explained to Mr. [redacted] It was also explained to Mr. [redacted] that for his protection a short term loan would not be provided until a "pre-qualification" by a conventional lender was obtained.

12. Mr. [redacted] elected to purchase a modular home.

13. At the time of his initial contact with Financial Resources and Assistance of the Lakes Region, Inc. and throughout the loan application process it was made clear to Mr. [redacted] that Financial Resources and Assistance of the Lakes Region, Inc. would not and could not serve as general contractor for his purchase and installation. It was Mr. [redacted] obligation to obtain the subcontractors and their bids and supply the necessary construction cost breakdown to Financial Resources and Assistance of the Lakes Region, Inc. in order to proceed with the loan application process.

14. By mid-November a construction cost breakdown was received from Mr. [redacted]

15. Based on Mr. [redacted]s selection of a modular home, the construction cost breakdown and the appraised value of the property it was determined that a $111,000.00 loan was the maximum amount that could be extended to Mr. [redacted] particularly in light of his requirements for a maximum monthly payment under the take out loan of approximately $700.00.

16. Mr. [redacted] sought a commitment to lend in the amount agreed upon so that he could undertake construction prior to the closing of the loan.

17. Mr. King cautioned Mr. [redacted] against this practice and made it clear to Mr. [redacted] that a loan commitment was not a loan guarantee. He was advised that if the loan failed to close for any reason, these costs would be borne by Mr. [redacted] alone.

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18. A loan commitment was issued for a loan in the amount of $111,000.00 for a period of 12 months at 13% interest, with interest only payments. It was contemplated by the borrower and Financial Resources and Assistance of the Lakes Region, Inc. that completion of the modular home installation would be approximately 90 days from the date of closing, although this was not articulated in the commitment. It was also anticipated that the first two months mortgage payments under the loan documents would be made from the proceeds of the construction loan.

19. This commitment was subject the evidence of free and clear title.

20. A title search of the property was completed on November 25, 2005, which revealed an unreleased lien in favor of the NH Department of Health and Hyman Services.

21. This office in conjunction with the Office of Darlene Daniele, attorney for the borrower, worked to obtain a subordination agreement for the State of New Hampshire on its lien.

22. A loan closing scheduled for January 24, 2006 at the office of Financial Resources and Assistance of the Lakes Region, Inc.

23. Prior to the closing of the first loan Mr. [redacted] undertook excavation and construction of the foundation.

24. Mr. [redacted] and his sister appeared at his closing on January 24, 2006.

25. The loaned closed on January 24, 2006 and Mr. [redacted] was provided two three day periods of rescission.

26. Subsequent to the closing of the first loan Mr. [redacted] and his sister called Mr. King seeking assurances that his motor vehicle loan be paid with the proceeds of the construction loan, that the taxes and insurance on the property be escrowed and that his loan payment be reduced to $700.00 if his take out loan did not close before the third mortgage payment was due.

27. Mr. King advised Mr. [redacted] and his sister that Financial Resources and Assistance of the Lakes Region, Inc. could not guarantee the pay off of the motor vehicle, would not reduce the monthly payment to $700.00 after the first two payments were applied and that the program was not set up to escrow taxes and insurance. Mr. King further advised Mr. [redacted] and his sister that if he was not satisfied in every ways with the terms and conditions of the loan he should exercise his right to rescind the loan.

28. Mr. [redacted] rescinded the loan on January 26, 2006.

29. Subsequent to his rescission Mr. [redacted] contacted Financial Resources and Assistance of the Lakes Region, Inc. to see if he could resurrect his loan.

30. In an effort to assist Mr. [redacted] in the completion of his loan Mr. King reduced his fee by one point or approximately $1,100.00. Between the combination of the reduced fee and the savings Mr. [redacted] obtained by shopping for fixtures at Home Depot the loan was resurrected with enough indicia to Mr. [redacted] that the take out loan would be obtainable so long as no extraneous variable arose.

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31. Given Mr. [redacted]s rescission of the prior loan and his apparent deficit in understanding fully the nature of the prospective transaction, Scott Farah of Financial Resources and Assistance of the Lakes Region, Inc. insisted. that all documents be provided to Mr. [redacted]s counsel Darlene Daniele prior to closing.

32. Prior to the closing on the second loan Mr. [redacted] informed Financial Resources and Assistance of the Lakes Region, Inc. his subcontractor had submitted to him a bill for $4,200.00 in additional costs that were not part of the original loan.

33. Prior to the second closing Mr. [redacted] and his sister again began to insist that the motor vehicle loan and the additional invoice be paid from the proceeds of the loan. Mr. [redacted] was advise by Mr. King that based on current estimates there would not be sufficient funds to pay the motor vehicle loan, the additional invoice and complete the installation of the modular home. He was advised that the priority for payments under the loan was first to the installation of the modular home as provided for in the loan application and the payment of cost over-runs such as the additional invoice. If there were funds remaining after the completion of the installation and the payment of all costs that could result in a lien on the property, the borrower was free to use the balance of the proceeds as he wished.

34. Prior to the second loan closing all closing documents were forwarded to Mr. [redacted] counsel for review and approval. In fact, a modification of the loan agreement was done at the request of Mr. [redacted]s counsel so that it comported with the practice under the loan.

35. The second closing was schedule for February 13, 2006.

36. Mr. [redacted] and his sister appeared at his closing on February 13, 2006.

37. The loaned closed on February 13, 2006 and Mr. [redacted] was provided two three day periods of rescission.

38. Contrary to the request of Financial Resources and Assistance of the Lakes Region, Inc. and its counsel Mr. [redacted] appeared at the closing without his counsel and executed all the necessary documents to complete the transaction.

39. On or about February 16, 2006, Michael Burke received a telephone call from Darlene Daniele regarding Mr. [redacted]'s insistence on the payment of the motor vehicle loan and the additional $4,200.00 not originally contemplated. At that time Attorney Daniele alleged that Financial Resources and Assistance of the Lakes Region, Inc. had misrepresented the terms of the loan and insisted that the amount of the loan be increased to pay these items.

40. The response of Financial Resources and Assistance of the Lakes Region, Inc. at the time and today is that the terms of the loan were not misrepresented. The loan was for a set amount of $111,000.00 upon specific conditions and that due to restriction imposed by Mr. [redacted] and his eligibility for credit additional funds could not and would not be extended as part of this loan.

41. During the February 16, 2006 telephone call and in a letter from Darlene Daniele confirmed the two three day rescission period.

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42. Mr. [redacted] was given two consecutive three day period during which to rescind the loan. That due to a disagreement between Mr. [redacted]'s counsel and Financial Resources and Assistance of the Lakes Region, Inc.'s counsel over the inclusion of a holiday the rescission period was extended for an additional 24 hour period.

43. Mr. [redacted], through his counsel rescinded the loan on February 21, 2006.

44. On or about February 22, 2206 Mr. [redacted] filed this complaint with the Banking Department.

45. On March 2, 2006 Mr. [redacted]s counsel called Financial Resources and Assistance of the Lakes Region, Inc. seeking to resurrect the loan.

46. On March 3, 2006 Mr. [redacted] called Financial Resources and Assistance of the Lakes Region, Inc. seeking to resurrect the loan.

47. On both occasions Financial Resources and Assistance of the Lakes Region, Inc. elected not to do further business with Mr. [redacted]

48. On or about March 17, 2006 Scott Farah received a telephone call from Mr. [redacted] requesting to resurrect the loan. Mr. Farah is presently exploring alternatives for Mr. [redacted]

I hope this chronology of events is helpful to you in your consideration of this matter. If necessary counsel shall supply to the Department a copy of Mr. [redacted]s loan application, construction cost breakdown, a copy of the first loan agreement, promissory note and mortgage, a, a copy of Attorney Daniele's letters dated February 16 and February 21, 2006, a copy of the second loan agreement, promissory note and mortgage, a copy of Attorney Daniele's letter on behalf of Mr. [redacted] rescinding the loan. If you require additional information, please advise this office immediately.

Thank you for your attention to this matter.

Sincerely,

LAW OFFICE OF GOULD AND BURKE

Michael Burke
MB/tbm

Enclosure

cc: [redacted]
D. Daniele, Esquire
S. Farah

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State of New Hampshire

Banking Department

64B Old Suncook Road
Concord, New Hampshire 03301

Telephone: (603) 271-3561
FAX: Banking (603) 271-1090
FAX: Consumer Credit (603) 271-0750

PETER C. HILDRETH
BANK COMMISSIONER

ROBERT A. FLEURY
DEPUTY BANK COMMISSIONER

March 22, 2006

Michael Burke, Esq.
P. O. Box 666
Meredith, NH 03253

RE: Complaint of [redacted]

Dear Mr. Burke:

Thank you for your letter dated March 17, 2006. RSA 397-A:15-a requires documentation that supports your position be provided as part of the complaint response. Please provide the documentation mentioned in the last paragraph of your letter. The documentation is due to the office on or before May 2, 2006 to avoid late fines.

Please feel free to contact me if you have any questions.

Sincerely,

[redacted]

Andrea J. Shaw
Staff Attorney

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