



High Country Lending, LLC

Mark Matheson
855 Mollala Avenue
Oregon City, OR 97045

02/27/04

Dear Mark,

Per our conversation today I am sending out to you the following:

Appraisal requirements and conditions for this type of loan
Four page Loan Application Fannie Mae Form 1003
Borrowers Authorization and Certification

You'll need to complete the loan application in its entirety, sign pages three and four. Sign Borrowers Authorization and Certification; fill in the bottom portion of this form asking for your social security number and date. Please include all information for you and your wife if she is going to be included in this transaction.

I will need a check made payable to **High Country Lending** for the amount of **\$18.50** to pay for your credit report. Return all requested and executed documents to me here at High Country Lending as soon as possible or when ever you are ready to move forward with your transaction.

With Interbay Funding it's a simple 1, 2, 3 step process. Step one is completion on the loan application, step two is the credit report pull; step three is the submission of your loan to Interbay Funding. All their programs are stated income and stated assets. The only time they require income documentation is when you have rent rolls or leases. Once I submit you to Interbay they will take you through the rest of process including the ordering of the appraisal.

I've enclosed a separate sheet of paper stating the program information and appraisal requirements. If you have any questions or concerns don't hesitate to call me. Thank you for the opportunity to service your financial needs.

Sincerely,

Dee Freeme
Senior Loan Executive
High Country Lending

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PRINT

Unifor Residential Loan Application

This application is designed to be completed by the applicant(s) with the Lender's assistance. Applicants should complete this form as "Borrower" or "Co-Borrower", as applicable. Co-Borrower information must also be provided (and the appropriate box checked) when the income or assets of a person other than the "Borrower" (including the Borrower's spouse) will be used as a basis for loan qualification or the income or assets of the Borrower's spouse will not be used as a basis for loan qualification, but his or her liabilities must be considered because the Borrower resides in a community property state, the security property is located in a community property state, or the Borrower is relying on other property located in a community property state as a basis for repayment of the loan.

I. TYPE OF MORTGAGE AND TERMS OF LOAN

Mortgage Applied for:	<input type="checkbox"/> VA <input type="checkbox"/> FHA	<input checked="" type="checkbox"/> Conventional <input type="checkbox"/> USDA/Rural Housing Service	<input type="checkbox"/> Other (explain):	Agency Case Number	Lender Case Number
Amount \$	265,000	Interest Rate	7.250 %	No. of Months	360/360
Amortization Type:		<input checked="" type="checkbox"/> Fixed Rate <input type="checkbox"/> GPM		<input type="checkbox"/> Other (explain): <input type="checkbox"/> ARM (type):	

II. PROPERTY INFORMATION AND PURPOSE OF LOAN

Subject Property Address (street, city, state, ZIP)		No. of Units
Legal Description of Subject Property (attach description if necessary) See Prelim		Year Built
Purpose of Loan: <input type="checkbox"/> Purchase <input type="checkbox"/> Construction <input type="checkbox"/> Other (explain):		Property will be:
<input checked="" type="checkbox"/> Refinance <input type="checkbox"/> Construction-Permanent		<input checked="" type="checkbox"/> Primary Residence <input type="checkbox"/> Secondary Residence <input type="checkbox"/> Investment

Complete this line if construction or construction-permanent loan.

Year Lot Acquired	Original Cost	Amount Existing Liens	(a) Present Value of Lot	(b) Cost of Improvements	Total (a+b)
	\$	\$	\$	\$	\$

Complete this line if this is a refinance loan.

Year Acquired	Original Cost	Amount Existing Liens	Purpose of Refinance	Describe improvements <input type="checkbox"/> made <input type="checkbox"/> to be made
1992	\$ 77,000	\$ 227,500	Cash-Out/Debt Consolidation	Cost: \$

Title will be held in what Name(s)	Anna M Matheson	Manner in which Title will be held	Estate will be held in:
Source of Down Payment, Settlement Charges and/or Subordinate Financing (explain)			<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (show expiration date)

III. BORROWER INFORMATION

Borrower				Co-Borrower			
Borrower's Name (include Jr. or Sr. if applicable)				Co-Borrower's Name (include Jr. or Sr. if applicable)			
Social Security Number	Home Phone (incl. area code)	DOB (MM/DD/YYYY)	Yrs. School	Social Security Number	Home Phone (incl. area code)	DOB (MM/DD/YYYY)	Yrs. School
<input checked="" type="checkbox"/> Married <input type="checkbox"/> Separated	<input type="checkbox"/> Unmarried (include single, divorced, widowed)	Dependents (not listed by Co-Borrower) no. ages		<input type="checkbox"/> Married <input type="checkbox"/> Separated	<input type="checkbox"/> Unmarried (include single, divorced, widowed)	Dependents (not listed by Borrower) no. ages	
Present Address (street, city, state, ZIP)				Present Address (street, city, state, ZIP)			
<input checked="" type="checkbox"/> Own <input type="checkbox"/> Rent 12 No. Yrs.				<input type="checkbox"/> Own <input type="checkbox"/> Rent _____ No. Yrs.			
Mailing Address, if different from Present Address				Mailing Address, if different from Present Address			

If residing at present address for less than two years, complete the following:

Former Address (street, city, state, ZIP)	<input type="checkbox"/> Own <input type="checkbox"/> Rent _____ No. Yrs.	Former Address (street, city, state, ZIP)	<input type="checkbox"/> Own <input type="checkbox"/> Rent _____ No. Yrs.
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IV. EMPLOYMENT INFORMATION

Borrower		Co-Borrower	
Name & Address of Employer	<input type="checkbox"/> Self Employed	Name & Address of Employer	<input type="checkbox"/> Self Employed
Fred Meyer	Yrs. on this job 23 yr(s)		Yrs. on this job
Oregon City, OR 97045	Yrs. employed in this line of work/profession 23		Yrs. employed in this line of work/profession
Position/Title/Type of Business	Business Phone (incl. area code)	Position/Title/Type of Business	Business Phone (incl. area code)
Manager			

II. PROPERTY INFORMATION AND PURPOSE OF LOAN

Subject Property Address (street, city, state, ZIP) _____ No. of Units _____
 Legal Description of Subject Property (attach description if necessary) _____ Year Built _____
 See Prelim

Purpose of Loan Purchase Construction Other (explain): _____ Property will be:
 Refinance Construction-Permanent Primary Residence Secondary Residence Investment

Complete this line if construction or construction-permanent loan.

Year Lot Acquired	Original Cost	Amount Existing Liens	(a) Present Value of Lot	(b) Cost of Improvements	Total (a+b)
	\$	\$	\$	\$	\$

Complete this line if this is a refinance loan.

Year Acquired	Original Cost	Amount Existing Liens	Purpose of Refinance	Describe Improvements <input type="checkbox"/> made <input type="checkbox"/> to be made
1992	\$ 77,000	\$ 227,500	Cash-Out/Debt Consolidation	Cost: \$

Title will be held in what Name(s) Anna M Motheson Manner in which Title will be held _____ Estate will be held in:
 Fee Simple Leasehold (show expiration date)

Source of Down Payment, Settlement Charges and/or Subordinate Financing (explain) _____

III. BORROWER INFORMATION

Borrower				Co-Borrower			
Borrower's Name (Include Jr. or Sr. if applicable)				Co-Borrower's Name (Include Jr. or Sr. if applicable)			

Social Security Number	Home Phone (incl. area code)	DOB (MM/DD/YYYY)	Yrs. School	Social Security Number	Home Phone (incl. area code)	DOB (MM/DD/YYYY)	Yrs. School
			14				

<input checked="" type="checkbox"/> Married <input type="checkbox"/> Unmarried (include single, divorced, widowed)	Dependents (not listed by Co-Borrower) no. ages	<input type="checkbox"/> Married <input type="checkbox"/> Unmarried (include single, divorced, widowed)	Dependents (not listed by Borrower) no. ages
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Present Address (street, city, state, ZIP) <input checked="" type="checkbox"/> Own <input type="checkbox"/> Rent <u>12</u> No. Yrs.	Present Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent _____ No. Yrs.
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Mailing Address, if different from Present Address _____

If residing at present address for less than two years, complete the following:

Former Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent _____ No. Yrs.	Former Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent _____ No. Yrs.
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IV. EMPLOYMENT INFORMATION

Borrower			Co-Borrower		
Name & Address of Employer <input type="checkbox"/> Self Employed	Yrs. on this job	Name & Address of Employer <input type="checkbox"/> Self Employed	Yrs. on this job		

Frad Meyer	23 yr(s)		
Oregon City, OR 97045	Yrs. employed in this line of work/profession		Yrs. employed in this line of work/profession
	23		

Position/Title/Type of Business	Business Phone (incl. area code)	Position/Title/Type of Business	Business Phone (incl. area code)
Manager			

If employed in current position for less than two years or if currently employed in more than one position, complete the following:

Name & Address of Employer <input type="checkbox"/> Self Employed	Dates (from-to)	Name & Address of Employer <input type="checkbox"/> Self Employed	Dates (from-to)
	Monthly Income \$		Monthly Income \$

Position/Title/Type of Business	Business Phone (incl. area code)	Position/Title/Type of Business	Business Phone (incl. area code)
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Name & Address of Employer <input type="checkbox"/> Self Employed	Dates (from-to)	Name & Address of Employer <input type="checkbox"/> Self Employed	Dates (from-to)
	Monthly Income \$		Monthly Income \$

Position/Title/Type of Business	Business Phone (incl. area code)	Position/Title/Type of Business	Business Phone (incl. area code)
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V. MONTHLY INCOME AND COMBINED HOUSING EXPENSE INFORMATION						
Gross Monthly Income	Borrower	Co-Borrower	Total	Combined Monthly Housing Expense	Present	Proposed
Base Empl. Income*	\$ 10,250.00	\$	\$ 10,250.00	Rent	\$	
Overtime				First Mortgage (P&I)	1,808.00	\$ 1,807.77
Bonuses				Other Financing (P&I)		
Commissions				Hazard Insurance		136.00
Dividends/Interest				Real Estate Taxes		200.00
Net Rental Income				Mortgage Insurance		
Other* (before completing, see the notice in "describe other income," below)				Homeowner Assn. Dues		
				Other:		
Total	\$ 10,250.00	\$	\$ 10,250.00	Total	\$ 1,808.00	\$ 2,143.77

* Self Employed Borrower(s) may be required to provide additional documentation such as tax returns and financial statements.

Describe Other Income Notice: Alimony, child support, or separate maintenance income need not be revealed if the Borrower (B) or Co-Borrower (C) does not choose to have it considered for repaying this loan.

B/C	Monthly Amount
	\$

VI. ASSETS AND LIABILITIES

This Statement and any applicable supporting schedules may be completed jointly by both married and unmarried Co-borrowers if their assets and liabilities are sufficiently joined so that the Statement can be meaningfully and fairly presented on a combined basis; otherwise, separate Statements and Schedules are required. If the Co-Borrower section was completed about a spouse, this Statement and supporting schedules must be completed about that spouse also.

Completed Jointly Not Jointly

ASSETS		Cash or Market Value	Liabilities and Pledged Assets. List the creditor's name, address and account number for all outstanding debts, including automobile loans, revolving charge accounts, real estate loans, alimony, child support, stock pledges, etc. Use continuation sheet, if necessary. Indicate by (*) those liabilities which will be satisfied upon sale of real estate owned or upon refinancing of the subject property.		
Description			LIABILITIES	Monthly Payment & Months Left to Pay	Unpaid Balance
Cash deposit toward purchase held by:	\$		Name and address of Company	\$ Payment/Months	\$
List checking and savings accounts below					
				* 1,808 /125	227,500
	\$ 7,000		Name and address of Company	\$ Payment/Months	\$
Name and address of Bank, S&L, or Credit Union				587 /40	23,518
	\$		Name and address of Company	\$ Payment/Months	\$
Name and address of Bank, S&L, or Credit Union				* 180 /61	11,159
Acct. no.	\$		Name and address of Company	\$ Payment/Months	\$
Name and address of Bank, S&L, or Credit Union				177 /49	8,815
Acct. no.	\$		Name and address of Company	\$ Payment/Months	\$
Stocks & Bonds (Company name/ number & description)	\$			* 203 /49	10,113
Life insurance net cash value	\$		Name and address of Company	\$ Payment/Months	\$
Face amount: \$					
Subtotal Liquid Assets	\$ 7,000			* 20 /50	1,001
Real estate owned (enter market value from schedule of real estate owned)	\$ 384,000		Name and address of Company	\$ Payment/Months	\$
Vested interest in retirement fund	\$				
Net worth of business(es) owned (attach financial statement)	\$				
Automobiles owned (make and year)	\$		Acct. no.		
	10,000		Alimony/Child Support/Separate Maintenance Payments Owed to:	\$	
	9,500				
	8,000		Job Related Expense (child care, union dues, etc.)	\$	
Other Assets (Itemize)	\$				
Household Goods	65,000				
Collectibles	8,000				

Other Income, Below			Other:		
Total	\$ 10,250.00	\$	\$ 10,250.00	Total	\$ 1,808.00 \$ 2,143.77

* Self Employed Borrower(s) may be required to provide additional documentation such as tax returns and financial statements.

Describe Other Income Notice: Alimony, child support, or separate maintenance income need not be revealed if the Borrower (B) or Co-Borrower (C) does not choose to have it considered for repaying this loan.

B/C	Monthly Amount
	\$

VI. ASSETS AND LIABILITIES

This Statement and any applicable supporting schedules may be completed jointly by both married and unmarried Co-borrowers if their assets and liabilities are sufficiently joined so that the Statement can be meaningfully and fairly presented on a combined basis; otherwise, separate Statements and Schedules are required. If the Co-Borrower section was completed about a spouse, this Statement and supporting schedules must be completed about that spouse also.

Completed Jointly Not Jointly

ASSETS		Cash or Market Value	LIABILITIES		Monthly Payment & Months Left to Pay	Unpaid Balance
Description			Name and address of Company		\$ Payment/Months	\$
Cash deposit toward purchase held by:		\$	Acct. no.		* 1,808 /125	227,500
<i>List checking and savings accounts below</i>			Name and address of Company		\$ Payment/Months	\$
Name and address of Bank, S&L, or Credit Union			Acct. no.		587 /40	23,518
Acct. no.		\$ 7,000	Name and address of Company		\$ Payment/Months	\$
Name and address of Bank, S&L, or Credit Union			Acct. no.		* 180 /61	11,159
Acct. no.		\$	Name and address of Company		\$ Payment/Months	\$
Name and address of Bank, S&L, or Credit Union			Acct. no.		177 /49	8,815
Acct. no.		\$	Name and address of Company		\$ Payment/Months	\$
Name and address of Bank, S&L, or Credit Union			Acct. no.		* 203 /49	10,113
Acct. no.		\$	Name and address of Company		\$ Payment/Months	\$
Stocks & Bonds (Company name/ number & description)		\$	Acct. no.		* 20 /50	1,001
Life Insurance net cash value		\$	Name and address of Company		\$ Payment/Months	\$
Face amount: \$			Acct. no.			
Subtotal Liquid Assets		\$ 7,000	Name and address of Company		\$ Payment/Months	\$
Real estate owned (enter market value from schedule of real estate owned)		\$ 384,000	Acct. no.			
Vested interest in retirement fund		\$	Name and address of Company		\$ Payment/Months	\$
Net worth of business(es) owned (attach financial statement)		\$	Acct. no.			
Automobiles owned (make and year)		\$	Name and address of Company		\$ Payment/Months	\$
		10,000	Acct. no.			
		9,500	Allmony/Child Support/Separate Maintenance Payments Owed to:		\$	
		8,000	Job Related Expense (child care, union dues, etc.)		\$	
Other Assets (Itemize)		\$	Total Monthly Payments		\$ 764	
Household Goods		65,000	Net Worth (a minus b) =>		\$ 281,394	Total Liabilities b. \$ 282,106
Collectibles		8,000				
Tools		35,000				
Computers, Equip, Software		37,000				
Total Assets a.		\$ 563,500				

VI. ASSETS AND LIABILITIES (cont.)

Schedule of Real Estate Owned (if additional properties are owned, use continuation sheet)

Property Address (enter S if sold, PS if pending sale or R if rental being held for income)	Type of Property	Present Market Value	Amount of Mortgages & Liens	Gross Rental Income	Mortgage Payments	Insurance, Maintenance, Taxes & Misc.	Net Rental Income
[REDACTED]	SFR	\$ 384,000	\$ 227,500	\$	\$ 1,808	\$	\$
Totals		\$ 384,000	\$ 227,500	\$	\$ 1,808	\$	\$

List any additional names under which credit has previously been received and indicate appropriate creditor name(s) and account number(s):

Alternate Name	Creditor Name	Account Number

VII. DETAILS OF TRANSACTION

VIII. DECLARATIONS

VII. DETAILS OF TRANSACTION		VIII. DECLARATIONS			
		If you answer "yes" to any questions a through l, please use continuation sheet for explanation.			
		Borrower		Co-Borrower	
		Yes	No	Yes	No
a. Purchase price	\$	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Alterations, improvements, repairs		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Land (if acquired separately)		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Refinance (Incl. debts to be paid off)	249,773.00	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Estimated prepaid items	3,232.52	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Estimated closing costs	11,945.00	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. PMI, MIP, Funding Fee		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Discount (if Borrower will pay)		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Total costs (add items a through h)	264,950.52	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Subordinate financing		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. Borrower's closing costs paid by Seller		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l. Other Credits(explain)		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m. Loan amount (exclude PMI, MIP, Funding Fee financed)	265,000.00	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
n. PMI, MIP, Funding Fee financed		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
o. Loan amount (add m & n)	265,000.00	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
p. Cash from/to Borrower (subtract j, k, l & o from i)	(49.48)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

IX. ACKNOWLEDGMENT AND AGREEMENT

Each of the undersigned specifically represents to Lender and to Lender's actual or potential agents, brokers, processors, attorneys, insurers, servicers, successors and assigns and agrees and acknowledges that: (1) the information provided in this application is true and correct as of the date set forth opposite my signature and that any intentional or negligent misrepresentation of this information contained in this application may result in civil liability, including monetary damages, to any person who may suffer any loss due to reliance upon any misrepresentation that I have made on this application, and/or in criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Sec. 1001, et seq.; (2) the loan requested pursuant to this application (the "Loan") will be secured by a mortgage or deed of trust on the property described herein; (3) the property will not be used for any illegal or prohibited purpose or use; (4) all statements made in this application are made for the purpose of obtaining a residential mortgage loan; (5) the property will be occupied as indicated herein; (6) any owner or servicer of the Loan may verify or reverify any information contained in the application from any source named in this application, and Lender, its successors or assigns may retain the original and/or an electronic record of this application, even if the Loan is not approved; (7) the Lender and its agents, brokers, insurers, servicers, successors and assigns may continuously rely on the information contained in the application, and I am obligated to amend and/or supplement the information provided in this application if any of the material facts that I have represented herein should change prior to closing of the Loan; (8) in the event that my payments on the Loan become delinquent, the owner or servicer of the Loan may, in addition to any other rights and remedies that it may have relating to such delinquency, report my name and account information to one or more consumer credit reporting agencies; (9) ownership of the Loan and/or administration of the Loan account may be transferred with such notice as may be required by law; (10) neither Lender nor its agents, brokers, insurers, servicers, successors or assigns has made any representation or warranty, express or implied, to me regarding the property or the condition or value of the property; and (11) my transmission of this application as an "electronic transmission" of this application containing a facsimile of my signature, shall be as effective, enforceable and valid as if a paper version of this application were delivered containing my original written signature.

Borrower's Signature	Date	Co-Borrower's Signature	Date
X		X	

X. INFORMATION FOR GOVERNMENT MONITORING PURPOSES

The following information is requested by the Federal Government for certain types of loans related to a dwelling in order to monitor the lender's compliance with equal credit opportunity, fair housing and home mortgage disclosure laws. You are not required to furnish this information, but are encouraged to do so. The law provides that a Lender may discriminate neither on the basis of this information, nor on whether you choose to furnish it. If you furnish the information, please provide both ethnicity and race. For race, you may check more than one designation. If you do not furnish ethnicity, race, or sex, under Federal regulations, this lender is required to note the information on the basis of visual observation or surname. If you do not wish to furnish the information, please check the box below. (Lender must review the above material to assure that the disclosures satisfy all requirements to which the lender is subject under applicable state law for the particular type of loan applied for.)

BORROWER	<input type="checkbox"/> I do not wish to furnish this information	CO-BORROWER	<input type="checkbox"/> I do not wish to furnish this information
Ethnicity:	<input type="checkbox"/> Hispanic or Latino <input checked="" type="checkbox"/> Not Hispanic or Latino	Ethnicity:	<input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino
Race:	<input type="checkbox"/> American Indian or Alaska Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input checked="" type="checkbox"/> White	Race:	<input type="checkbox"/> American Indian or Alaska Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> White
Sex:	<input checked="" type="checkbox"/> Female <input type="checkbox"/> Male	Sex:	<input type="checkbox"/> Female <input type="checkbox"/> Male

To be Completed by Interviewer	Interviewer's Name (print or type)	Name and Address of Interviewer's Employer
This application was taken by:	Wendy Peterson	[REDACTED]
<input type="checkbox"/> Face-to-face interview	Interviewer's Signature	[REDACTED]

List any additional names under which credit has previously been received and indicate appropriate creditor name(s) and account number(s):

Alternate Name

Creditor Name

Account Number

VII. DETAILS OF TRANSACTION		VIII. DECLARATIONS		
a. Purchase price	\$	If you answer "yes" to any questions a through l, please use continuation sheet for explanation.		
b. Alterations, improvements, repairs		Borrower Yes No Co-Borrower Yes No		
c. Land (if acquired separately)				
d. Refinance (incl. debts to be paid off)	249,773.00	a. Are there any outstanding judgments against you? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
e. Estimated prepaid items	3,232.52	b. Have you been declared bankrupt within the past 7 years? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
f. Estimated closing costs	11,945.00	c. Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
g. PMI, MIP, Funding Fee		d. Are you a party to a lawsuit? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
h. Discount (if Borrower will pay)		e. Have you directly or indirectly been obligated on any loan which resulted in foreclosure, transfer of title in lieu of foreclosure, or judgment? (This would include such loans as home mortgage loans, SBA loans, home improvement loans, educational loans, manufactured (mobile) home loans, any mortgage, financial obligation, bond, or loan guarantee. If "Yes," provide details, including date, name and address of Lender, FHA or VA case number, if any, and reasons for the action.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
i. Total costs (add items a through h)	264,950.52	f. Are you presently delinquent or in default on any Federal debt or any other loan, mortgage, financial obligation, bond, or loan guarantee? If "Yes," give details as described in the preceding question. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
j. Subordinate financing		g. Are you obligated to pay alimony, child support, or separate maintenance? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
k. Borrower's closing costs paid by Seller		h. Is any part of the down payment borrowed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
l. Other Credits(explain)		i. Are you a co-maker or endorser on a note? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
m. Loan amount (exclude PMI, MIP, Funding Fee financed)	265,000.00	j. Are you a U. S. citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
n. PMI, MIP, Funding Fee financed		k. Are you a permanent resident alien? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
o. Loan amount (add m & n)	265,000.00	l. Do you intend to occupy the property as your primary residence? If "Yes," complete question m below. <input type="checkbox"/> Yes <input type="checkbox"/> No		
p. Cash from/to Borrower (subtract j, k, l & o from i)	(49.48)	m. Have you had an ownership interest in a property in the last three years? (1) What type of property did you own-principal residence (PR), second home (SH), or investment property (IP)? (2) How did you hold title to the home-solely by yourself (S), jointly with your spouse (SP), or jointly with another person (O)? <input type="checkbox"/> Yes <input type="checkbox"/> No		

IX. ACKNOWLEDGMENT AND AGREEMENT

Each of the undersigned specifically represents to Lender and to Lender's actual or potential agents, brokers, processors, attorneys, insurers, servicers, successors and assigns and agrees and acknowledges that: (1) the information provided in this application is true and correct as of the date set forth opposite my signature and that any intentional or negligent misrepresentation of this information contained in this application may result in civil liability, including monetary damages, to any person who may suffer any loss due to reliance upon any misrepresentation that I have made on this application, and/or in criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Sec. 1001, et seq.; (2) the loan requested pursuant to this application (the "Loan") will be secured by a mortgage or deed of trust on the property described herein; (3) the property will not be used for any illegal or prohibited purpose or use; (4) all statements made in this application are made for the purpose of obtaining a residential mortgage loan; (5) the property will be occupied as indicated herein; (6) any owner or servicer of the Loan may verify or reverify any information contained in the application from any source named in this application, and Lender, its successors or assigns may retain the original and/or an electronic record of this application, even if the Loan is not approved; (7) the Lender and its agents, brokers, insurers, servicers, successors and assigns may continuously rely on the information contained in the application, and I am obligated to amend and/or supplement the information provided in this application if any of the material facts that I have represented herein should change prior to closing of the Loan; (8) in the event that my payments on the Loan become delinquent, the owner or servicer of the Loan may, in addition to any other rights and remedies that it may have relating to such delinquency, report my name and account information to one or more consumer credit reporting agencies; (9) ownership of the Loan and/or administration of the representation or warranty, express or implied, to me regarding the property or the condition or value of the property; and (11) my transmission of this application as an "electronic transmission" containing a facsimile of my signature, shall be as effective, enforceable and valid as if a paper version of this application were delivered containing my original written signature.

Borrower's Signature: X Date: _____ Co-Borrower's Signature: X Date: _____

X. INFORMATION FOR GOVERNMENT MONITORING PURPOSES

The following information is requested by the Federal Government for certain types of loans related to a dwelling in order to monitor the lender's compliance with equal credit opportunity, fair housing and home mortgage disclosure laws. You are not required to furnish this information, but are encouraged to do so. The law provides that a Lender may discriminate neither on the basis of this information, nor on whether you choose to furnish it. If you furnish the information, please provide both ethnicity and race. For race, you may check more than one designation. If you do not wish to furnish the information, please check the box below. (Lender must review the above material to assure that the disclosures satisfy all requirements to which the lender is subject under applicable state law for the particular type of loan applied for.)

BORROWER <input type="checkbox"/> I do not wish to furnish this information		CO-BORROWER <input type="checkbox"/> I do not wish to furnish this information	
Ethnicity: <input type="checkbox"/> Hispanic or Latino <input checked="" type="checkbox"/> Not Hispanic or Latino	Ethnicity: <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino	Race: <input type="checkbox"/> American Indian or Alaska Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input checked="" type="checkbox"/> White	Race: <input type="checkbox"/> American Indian or Alaska Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> White
Sex: <input checked="" type="checkbox"/> Female <input type="checkbox"/> Male	Sex: <input type="checkbox"/> Female <input type="checkbox"/> Male		

To be Completed by Interviewer

This application was taken by: Face-to-face Interview Mail Telephone Internet

Interviewer's Name (print or type): Wendy Peterson

Interviewer's Signature: _____ Date: _____

Interviewer's Phone Number (incl. area code): _____

Name and Address of Interviewer's Employer: _____

Continuation Sheet/Residential Loan Application

Use this continuation sheet if you need more space to complete the Residential Loan Application. Mark **B** for Borrower or **C** for Co-Borrower.

Borrower:
Anna M Matheson
Co-Borrower:

Agency Case Number:

Lender Case Number:

I/We fully understand that it is a Federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements concerning any of the above facts as applicable under the provisions of Title 18, United States Code, Section 1001, et seq.

Borrower's Signature	Date	Co-Borrower's Signature	Date
X		X	

Velocity Commercial Capital, LLC
LENDER / FUNDING INSTRUCTIONS

Borrower: Matheson
Loan #: [REDACTED]

LOAN AMOUNT: \$ 265,000.00

Deductions from Loan Amount:

PREPAID/ SHORT INTEREST:	\$	(640.42)	
VCC ORIGINATION FEE:	\$	-	
VCC ADMIN FEE:	\$	(102.25)	
VCC RATE BUYDOWN:	\$	-	
VCC UNDERWRITING FEE:	\$	(1,000.00)	
BORROWER'S GFD:	\$	-	
VCC DOC FEE:	\$	(550.00)	
ENVIRONMENTAL INSURANCE	\$	(1,471.99)	
TAX SERVICE CONTRACT:	\$	(60.00)	
PROPERTY TAX IMPOUND	\$	(499.98)	3
INSURANCE IMPOUND	\$	(686.25)	5
OTHER FEES:	\$	-	
Appraisal Fee	\$	(3,400.00)	
	\$	-	
	\$	-	
	\$	-	
	\$	-	
	\$	-	
	\$	-	
	\$	-	
	\$	-	
	\$	-	
	\$	-	

INTEREST RATE 7.250%
Interest at \$ 53.37 per day
Dates: from 9/19 to 10/1
(estimated disbursement date)

of Days = 12

AMOUNT OF WIRE: \$ 256,589.11

OTHER FEES:

ORIGINATION FEE TO BROKER:

High Country Lending -2 points	\$5,300
Broker underwriting	\$400
Broker credit report	\$18
Broker Fed-X	\$25
Reimburse Broker for appraisal	\$3,400

Escrow Officer, Narda Ward

Anna Marie Matheson
Borrower

Velocity Commercial Capital, LLC

5716 Corsa Avenue, Suite 202

Westlake Village, CA 91362

PHONE #: 818-575-9700 ext 2455

DATE: 9/15/05

FAX #: 818-575-9005

To: Stewart Title of Oregon, Inc.
1915 NW Amberglenn Parkway, Suite 100
Beaverton, OR 97006
Narda Jones/ Aydney 503-533-1770 fax 503-533-1777

RE: Matheson

LOAN NO:

ESCROW NO:

Property:

In connection with the above referenced loan, we enclose the documents checked below. Obtain signatures and acknowledge where applicable. No alterations or erasures on these documents are permitted without written approval of this Lender. Except as otherwise instructed below, return originals of loan documents to the attention of the Loan Closer (whose name is shown at the bottom of page 2 of this document), at the address shown above, with your written request for funds.

- Checkboxes for various documents: Promissory Note, Deed of Trust, Financial Statement Rider, Assignment of Leases, Environmental Indemnity Agreement, Borrower's Certificate, UCC 1 Financing Statement, Insurance Acknowledgment, Pending Assessments Agreement, Borrower's Instructions, Form 4506, Impound Notification, City of L.A. Water & Power Letter, Loans to One Borrower Affidavit, Information for Government Monitoring Purposes, Loan Servicing Instructions, Flood Zone Certificate, O & M Agreement, Repayment Guaranty, Consent of Spouse, Wiring Authorization, Personal & Private Envelope, Borrower's Copies of Loan Docs with Privacy Act Brochure, Uniform Environmental History, Construction Loan Agreement, Completion Guaranty, Assignment of Construction Contract, Architect Plans and Permits, Funds Withheld/Deferred Disbursement Agreement, Agreement to Borrow/Corporate Resolution, Escrow Acknowledgement.

* Lender is to receive one (1) certified copy of each of these documents.

ALL DOCUMENTS MUST BE SIGNED BY THE BORROWER IN BLUE INK EXACTLY AS IS TYPED BELOW EACH SIGNATURE LINE. No documents are to be released to any party without the written consent of Lender, other than as provided herein.

IN ADDITION TO THE ABOVE, FURNISH OUR BANK WITH THE FOLLOWING WHEN REQUESTING FUNDS:

- Checkboxes for conditions: All outstanding conditions as stated on attached Exhibit A, Certified copy of any and all duly executed escrow instructions, amendments, Grant or Quitclaim Deeds, Hazard Insurance must be in compliance with our policy requirements as outlined in these instructions.
• Lender's Loss Payable Endorsement (Form 438BFU) for Flood and Hazard Insurance is:



- Binders and Evidence of Insurance are acceptable.

Note: Hazard coverage must state Loss of Rents and Liability coverage, if shown as required on these instructions.

- Checkboxes for insurance and escrow: Flood Insurance Policy or copy of application and receipt of payment for first year's premium, Amended escrow instructions regarding Vesting, Escrow Expiration, Terms.

Documents will expire on 7/05

THE FUNDS MAY BE USED FOR ACCOUNT OF THE TRUSTOR(S) AND YOU WILL RECORD THE DEED OF TRUST AND ANY RIDERS ONLY WHEN THE OUTSTANDING CONDITIONS AS STATED IN EXHIBIT A ARE MET AND THE FOLLOWING REQUIREMENTS ARE MET:

- The total consideration in this transaction, except for our loan proceeds and approved secondary financing if any, must be paid in cash, through your escrow. PERMITTED SECONDARY FINANCING IN THE AMOUNT OF \$ HAS BEEN APPROVED SUBJECT TO REVIEW OF THE NOTE AND DEED OF TRUST.
• Do not record or disburse funds if you have knowledge of a concurrent or subsequent escrow to be opened or closed upon completion of this escrow, which will transfer title on subject property.
• This Association shall incur no expense in the closing of this Escrow unless otherwise noted in these instructions.

applicable. **No alterations or erasures on these documents are permitted without written approval of this Lender.** Except as otherwise instructed below, return originals of loan documents to the attention of the Loan Closer (whose name is shown at the bottom of page 2 of this document), at the address shown above, with your written request for funds.

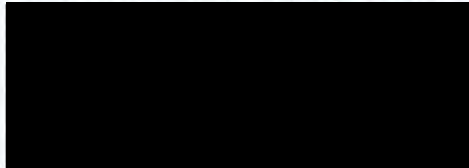
- | | |
|---|---|
| <input checked="" type="checkbox"/> Promissory Note * | <input type="checkbox"/> Flood Zone Certificate * |
| <input checked="" type="checkbox"/> Deed of Trust with Attachments * | <input type="checkbox"/> O & M Agreement(s) |
| <input type="checkbox"/> Financial Statement Rider to DOT * | <input type="checkbox"/> Repayment Guaranty * |
| <input checked="" type="checkbox"/> Assignment of Leases and Rents * | <input type="checkbox"/> Consent of Spouse * |
| <input checked="" type="checkbox"/> Environmental Indemnity Agreement | <input type="checkbox"/> Wiring Authorization |
| <input checked="" type="checkbox"/> Borrower's Certificate | <input type="checkbox"/> Personal & Private Envelope(s) |
| <input type="checkbox"/> UCC 1 Financing Statement | <input type="checkbox"/> Borrower's Copies of Loan Docs with Privacy Act Brochure |
| <input type="checkbox"/> Insurance Acknowledgment & Agreement | <input type="checkbox"/> Uniform Environmental History (Questionnaire) |
| <input type="checkbox"/> Pending Assessments Agreement | <input type="checkbox"/> Construction Loan Agreement |
| <input checked="" type="checkbox"/> Borrower's Instructions | <input type="checkbox"/> Completion Guaranty |
| <input checked="" type="checkbox"/> Form 4506 | <input type="checkbox"/> Assignment of Construction Contract, Architect Plans and Permits |
| <input type="checkbox"/> Impound Notification(s) | <input type="checkbox"/> Funds Withheld/Deferred Disbursement Agreement |
| <input type="checkbox"/> City of L.A. Water & Power Letter | <input type="checkbox"/> Agreement to Borrow/Corporate Resolution |
| <input type="checkbox"/> Loans to One Borrower Affidavit (2) | <input checked="" type="checkbox"/> Escrow Acknowledgement |
| <input type="checkbox"/> Information for Government Monitoring Purposes | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> Loan Servicing Instructions | <input type="checkbox"/> |

* Lender is to receive **one (1) certified copy** of each of these documents.

ALL DOCUMENTS MUST BE SIGNED BY THE BORROWER IN BLUE INK EXACTLY AS IS TYPED BELOW EACH SIGNATURE LINE. No documents are to be released to any party without the written consent of Lender, other than as provided herein.

IN ADDITION TO THE ABOVE, FURNISH OUR BANK WITH THE FOLLOWING WHEN REQUESTING FUNDS:

- All outstanding conditions as stated on attached Exhibit A.
- Certified copy of any and all duly executed escrow instructions, amendments, Grant or Quitclaim Deeds (if applicable) and Note & Deed of Trust for Secondary Financing (if applicable), termite reports (if available).
- Hazard Insurance must be in compliance with our policy requirements as outlined in these instructions.
 - Lender's Loss Payable Endorsement (Form 438BFU) for Flood and Hazard Insurance is:



- Binders and Evidence of Insurance are acceptable.

Note: Hazard coverage must state Loss of Rents and Liability coverage, if shown as required on these instructions.

- Flood Insurance Policy or copy of application and receipt of payment for first year's premium, (if required)
- Amended escrow instructions regarding Vesting Escrow Expiration Terms

Documents will expire on /7/05

THE FUNDS MAY BE USED FOR ACCOUNT OF THE TRUSTOR(S) AND YOU WILL RECORD THE DEED OF TRUST AND ANY RIDERS ONLY WHEN THE OUTSTANDING CONDITIONS AS STATED IN EXHIBIT A ARE MET AND THE FOLLOWING REQUIREMENTS ARE MET:

- The total consideration in this transaction, except for our loan proceeds and approved secondary financing if any, must be paid in cash, through your escrow.
PERMITTED SECONDARY FINANCING IN THE AMOUNT OF \$ HAS BEEN APPROVED SUBJECT TO REVIEW OF THE NOTE AND DEED OF TRUST.
- Do not record or disburse funds if you have knowledge of a concurrent or subsequent escrow to be opened or closed upon completion of this escrow, which will transfer title on subject property.
- This Association shall incur no expense in the closing of this Escrow unless otherwise noted in these instructions.
- Commitment Expiration Date is 5 days from the date of these loan documents.
- We reserve the right to withdraw these instructions and enclosures if this Escrow is not closed on or before the expiration of commitment date.
- If commitment is rescinded for reasons outlined in Loan Condition Exhibit A or for any other reason subsequent to disbursed funds, we reserve the right to retrieve the disbursed funds.
- Interest will accrue from date of our check whether or not our loan documents record. The loan documents must record within five (5) business days from date of our funding check or funds are to be returned without further instructions.

- You are designated the Settlement Agents and are thereby required to fulfill all responsibilities of the Settlement Agent set forth in the Real Estate Settlement Procedures Act and regulations promulgated thereto (jointly "RESPA"). JFB requires that a CERTIFIED copy of the: HUD-1 Settlement Statement for sale transactions reflecting actual Buyer's, Seller's, and Borrower's closing costs and HUD-1A for a refinance transaction reflecting Borrower's closing costs **be provided to us within 24 hours of date of settlement.** RESPA related transactions include all purchases and refinances.
- Obtain at the close of your Escrow, a 1992 ALTA Policy of Title Insurance *. The ALTA Policy must contain a Plat Map and the following CLTA Endorsements without deletion, as indicated on Preliminary Title Report dated
- Closing agent to attach legal description to Deed of Trust and all other applicable documents

100 8.1 or 40 116 111.6 111.8 115.1 115.2 116.7

- Issue policy of insurance naming Velocity Commercial Capital, LLC as insured first trust deed and showing title vested in the name(s) of the Trustor(s).
- Title coverage for the amount of **\$265,000**
(110% of loan amount for Neg Am Loans)
- Liability subject only to General Taxes, a lien not yet due and payable, year: **2005-2006**
(Policy must show property is free of all tax liens, assessments, or bonds of record.)
- Issue said form of policy free of encumbrances except: **6-7 PC, 8-12,**
- Issue special endorsement #'s: **#10 100.12**

FORWARD THE ORIGINAL ALTA POLICY DIRECTLY TO VELOCITY COMMERCIAL CAPITAL, AT THE ADDRESS ON PAGE 1 WITHIN THREE (3) DAYS OF RECORDING.

30 days ml

Please **acknowledge receipt** of all enclosures and your complete understanding of our instructions and conditions by signing and returning the enclosed copy of these instructions.

Escrow Officer Acknowledgment

By: 
NARDA WARD, ESCROW OFFICER

By: _____
ANNA MARIE MATHESON, BORROWER

Date: _____

By: _____

Date: _____

Property Lot 4 and 6, Block 1, MOUNTAIN VIEW ADDITION TO OREGON CITY

Closing date 9/21/2005 **Proration date** None
Escrow Officer Narda Ward

	<u>Debit</u>	<u>Credit</u>
New Loan:		
Principal amount of new loan(s) from Velocity Commercial Capital, LLC.....		265,000.00
Payoffs:		
Payoff 1st Mortgage to CitiMortgage.....	229,319.86	
Principle Balance Good Thru 8/1/2005.....	\$226,638.64	
Accrued Interest Good Thru 10/1/2005.....	\$2,448.17	
Interest Good Thru 9/26/2005 @\$40.13000/day.....	-\$200.65	
PMI Premium.....\$362.70 Late Charge.....\$20.00		
Recording Fee.....\$26.00 Stmt/Fax Fee.....\$25.00		
New Loan Charges:		
Loan Origination fee to High Country Lending.....	5,300.00	
Appraisal Fee to High Country Lending.....	3,400.00	
Credit Report to High Country Lending.....	18.00	
Underwriting Fee to Velocity Commercial Capital, LLC.....	1,000.00	
Processing Fee to High Country Lending.....	400.00	
Document Prep Fee to Velocity Commercial Capital, LLC.....	550.00	
Tax Service Fee to Velocity Commercial Capital, LLC.....	60.00	
Administration Fee to Velocity Commercial Capital, LLC.....	102.25	
Fed Ex Charges to High Country Lending.....	25.00	
Environmental Insurance to Velocity Commercial Capital, LLC.....	1,471.99	
Interest Charges:		
Prepaid interest to Velocity Commercial Capital, LLC		
From 9/21/2005 to 10/1/2005 @ \$53.3700/day.....		533.70
Premiums:		
Hazard insurance premium to Country Insurance		
for 1 years.....		1,647.00
Impounds/Reserves:		
Hazard insurance to Velocity Commercial Capital, LLC.....	686.25	
County property taxes to Velocity Commercial Capital, LLC.....	499.98	
Title Charges:		
Settlement or closing fee to Stewart Title of Oregon, Inc.	250.00	
Document preparation to Stewart Title of Oregon, Inc.	50.00	
Title insurance to Stewart Title of Oregon, Inc. \$975.25.....		
Lender's coverage to Stewart Title of Oregon, Inc.		
Liability amount \$265,000.00.....	975.25	
Government Service Fee to Stewart Title of Oregon, Inc.	25.00	
Release Tracking Fee to Stewart Title of Oregon.....	120.00	
Endorsements to Stewart Title of Oregon, Inc.	50.00	
Mail/Courier Service Fee to Stewart Title of Oregon, Inc.	60.00	
Recording Fees/Transfer Charges:		
Recording Service Fee to Stewart Title of Oregon, Inc.		125.00
Additional Charges:		
Holdback for 2005-06 Taxes to Stewart Title.....		2,135.49
	<u>Subtotal:</u>	<u>265,000.00</u>
	Balance due to Borrower:	16,195.23
	<u>Totals:</u>	<u>265,000.00</u>

12,329.27