

Disclaimer

Regarding all FRM note and mortgage transactions, the Bureau accumulated this information from various sources, such as the Registry of Deeds, records of CL and M, FRM, FRA, and Gould and Burke, as well as various individuals, and drew certain conclusions and calculations based upon this information. Due to the large volume of transactions and complexity, the Bureau was unable to uncover all information regarding the FRM matter. Therefore, the conclusions and inferences drawn by the Bureau are offered with the caveat and disclaimer that not all information was reviewed and verified. However, the Bureau believes that based upon the information it received and reviewed, it has a reasonably sound understanding and portrayal of what took place.

Tanguay Homes – Abbott Village

282 North Main St., Concord, NH

Owner/Developer, Yves Tanguay

Notes

- 1st Mortgages on units were recorded 13 months after the dated executed. It is assumed that these recording dates coincided with Project approvals.
- A check for \$225,000 was made out to FRM, citing one unit in Tanguay's second build phase.

Abbott Village, a NH Adult Community, 55 and older

- Certificate of Registration for and NH AG subdivision approval in 2006 for condominiums to be built in 2 phases, recorded at Merrimack County Registry, Book 3042 Page 935. Concord Planning Board approval for 2 phases received on 3/2/2005. The 3rd phase was approved 12/24/2007. Total units planned—79.

1st Mortgages-Land

- The Mortgagor (Tanguay Homes, LLC) agreed to borrow **\$10,161,000** over a two year period from 9/28/2006 to 11/1/2008 from the Mortgagee (Greatland Project Development & SM 2007 Realty Trust, Don Dodge Trustee) against the value of the entire parcel of 15.2 acres.

1st Mortgages-individual units

- A total of 26 townhouse units were mortgaged by Tanguay to Greatland Project Development and other individual lenders for an additional **\$6,939,000**. Only 18 units were built, 8 of which were fully finished. Current occupancy is unknown.

2nd Mortgages-individual units

- 2nd mortgages were offered on the same 18 units by Tanguay to Greatland for a total of \$873,000. An additional \$2,000,000 was offered as a 2nd on the entire parcel to Tan 2006 Realty Trust, Dodge Financial Trustee, for a total of **\$2,873,000.**

Total value of 1st & 2nd Mortgages

- \$19,628,000

Assignments/partial assignments of mortgages

- Greatland Project Development, LLC assigned or partially assigned units previously mortgaged to 60 individual lenders. Total raised from Assignor (Greatland) to Assignee (lenders) was **\$5,230,250**.

Current Status

- Yves Tanguay reported to the Bureau that he received less than \$5,000,000 (1 million for infrastructure & approximately 4 million for the build out of 18 units) for Abbott Village between 2006 and 2009. None of the units were sold during that same period. The project filed bankruptcy and was purchased recently by a developer from Dover, NH.

Notes

- 1st Mortgages on units were not recorded until 13 months following execution. It is assumed the recording dates coincided with project approvals.
- A check for \$225,000, made out to FRM by a lender, citing one unit, phase 2 of Tanguay's build plan. This mortgage was never recorded. It is unknown how many more of these lenders checks exist.



21
SALES OFFICE
ABBOTT VILLAGE

4x4



Lilac Valley 2007 Realty Trust
Laconia, NH
Lawrence Baldi Trustee

Scope

- 60 Manufactured housing units planned on approximately 49 acres.
- Tax map 478, Block 20, lots 1 & 2, Laconia, NH
- Subdivision plan approved 2/23/2007 by the Laconia Planning Board.
- Subdivision did not require approval from NH AG Consumer protection...not planned as a condominium.

1st Mortgage

- Lilac Valley 2007 Realty Trust (Mortgagor) & Greatland Project Development (Mortgagee), **\$1,920,000.**

2nd Position

- Reiko Cheng Revocable Trust, **\$560,000.**

3rd Position

- Terance McKenna, **\$387,000.**

4th Position

- GCX Capital Trust, LLC, **\$387,000.**
- Total Borrowed, **\$3,254,000.**

Mortgage Assignments

- Greatland Project Development assigned their original \$1,920,000 mortgage to Raymond Kloepper (\$255,000) and Dodge Financial (\$1,665,000).

Reported Expenditures

- According to Lawrence Baldi, the builder, engineering costs were \$500,000 and infrastructure costs were \$250,000 for a sewer line. Only two homes were built.
- Modular homes costs \$100,000.
- One home was sold, the other was leased.
- Total expenditures of approximately \$1,000,000.
- Roughly 2.2M unaccounted for.

Notes

- Little additional infrastructure was observed.
- Entire parcel purchased by Brady Sullivan Properties, LLC, in bankruptcy sale (Steven Nottinger, Chapter 7 Trustee for Susan Farah & Tim Smith Trustee, for Lilac Valley Realty Trust.
- Land was leased to all buyers, not sold.



Financing Provided By:
FINANCIAL RESOURCES
And Assistance of the Lakes Region, Inc.

SPECIALIZING IN
CONSTRUCTION, RESIDENTIAL & COMMERCIAL FINANCING

1-800-950-6913

Meredith, NH

Flow of Money/Transfers in Chichester Condominium Corporation

Owner/Developer - Chichester
Condominium Corporation - Joseph
A Austin President

Chichester Condominium Corp. / White Birches Property Overview

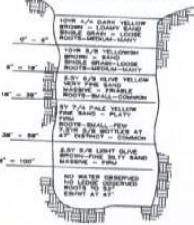
- On March 9, 2007, Chichester Condominium Corp. mortgaged units to Greatland Project Development, Inc.
- Later in March 2007, Greatland Project Development, Inc. assigns the units to the lenders.
- The amount of the units assigned were mostly \$45,000.

- Mortgage paperwork was completed by the Law Office of Gould and Burke.
- As of November 24, 2010, net value of the land is \$338,100.
- 17 units were mortgaged.
- It appears as if no units have been built.

LEGEND

- IRON PIPE/STEEL PIP FOUND
DRILLED HOLE FOUND
GRANITE/STONE/CONCRETE POST FOUND
REBAR SET
DRILL HOLE SET
GRANITE BOUND SET
CALCULATED BOUNDARY POINT
TREE LINE
STONE WALL
POWER POLE
EDGE OF PAVEMENT

TEST PIT #8A
AUGUST 20, 2004
RG AT 38" = 10 MIN/INCH



Topography shown is from a topographic survey performed by this office. The vertical datum is NAD 83 (CGRS 90). The orthometric elevations were derived using GEDD 99. This datum was established at the site using GPS data from the New Hampshire Department of Transportation base station and Ashtech Promark 2 receivers at the site.

Soil information shown has been electronically reproduced from sheet 48 of the Merrimack County Soil Survey - issued June 1985.

HsB = HINCKLEY LOAMY SAND, 3 to 8 percent

Mo = MUCK and PEAT, nearly level very poorly drained soils - soil group 8.

Shc = SHAPLEIGH-GLoucester VERY ROCKY SANDY LOAMS,
3 to 15 percent slopes - somewhat excessively drained soil
bedrock at depths of 10 to 20 inches and well drained soil -
see groups 4 and 1.

FWS LAND SURVEYING P.L.L.C.
36 BOYCE ROAD CANTERBURY, NH 03224
(603) 783 - 9924



GRAPHIC SCALE



Fox Map 2 Lot 82
FAMILY REVOCABLE TRUST
& Beverly E. Lewis, Trustee
Center Road - Apt. 3-302
Brow. 222 03304

DATE: JULY 23, 2008
PROJECT NO: 08-027
RECORDING NO:
DATE:
SHEET 1 OF 2

APPROVED

APPROVED BY THE TOWN OF CHICHESTER PLANNING BOARD

DATE: Aug 19, 2001

CHAIR: John E. Doe

SECRETARY:

I hereby certify that the survey and this plot was prepared by me, those under my direct supervision.

1. und

1. 11/11/11 11/11/11 11/11/11

19/04/2008 CH3 B.11.2008

signature	License No.	Date
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SUBMISSION SLIP

SUBDIVISION PLAT

LAND OF
HICHESTON, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 85

RICHMOND CONDOMINIUM CORPORATION

US ROUTE 1 & 300	LOCATION
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CHICHESTER, NH - HERRINGHILL COUNTRY

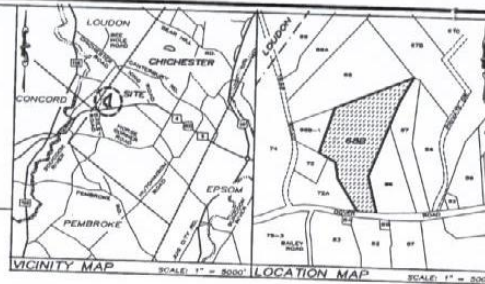
TAX MAP 3 LOT 688

SHEET 1 OF 2

17433 recorded Nov 18, 2:04 pm 2005
2 of 2 Adept: Chandler & Branch Deputy Register

LEGEND

- IRON PIPE/PISTON FOR FOUND
- SPILLED HOLES FOUND
- GRAVE/PISTON/COMMON HOLE FOUND
- STEEL PIN SET
- SPILL HOLE SET
- GRAVE HOLE SET
- CALCULATED BOUNDARY POINT
- △ TREE LINE
- STONE WALL
- POWER POLE
- EDGE OF PAVEMENT
- REFLECT AREA



Tax Map 3
Lot 22
BRUCE W. & CLARE L. MERRILL
22 Town Road
Chichester, NH 03258
Sh. 2265 Pg. 624

Tax Map 3
Lot 218
THOMAS & RIM HENRIEALLY
21 Kennedy Drive
Chichester, NH 03258
Sh. 1428 Pg. 702

RESIDENTIAL
COMMERCIAL-INDUSTRIAL/MULTI-FAMILY
(DETERMINED FROM THE USE OF THE RIGHT-OF-WAY)

PARKING CALCULATIONS
REQUIRED ONE (1) THREE SPACES FOR EACH TWO HUNDRED (200) SQUARE FEET OF FIRST FLOOR AREA
PROVIDED: 102 SQ. FT. + 200 = 22 ON 3 SPACES
PROVIDED = 3 SPACES

Tax Map 3
Lot 217
JAMES & LAURA ROBERTS
21 Kennedy Drive
Chichester, NH 03258
Sh. 1878 Pg. 455

Tax Map 3
Lot 226-1
ARTHUR & ROBERT ABBOTT
24 Spring Township Road
Chichester, NH 03258
Sh. 1882 Pg. 2242

APPROVED BY THE TOWN OF CHICHESTER PLANNING BOARD

DATE: Nov 18, 2005

CHAIR: Timothy J. [Signature]

SECRETARY: Chandler [Signature]

I hereby certify that the survey and title plat was prepared by me or under my direct immediate supervision.

Signature: [Signature] License No. 183 Date: 11/18/05

FWS LAND SURVEYING P.L.L.C.
56 BOICE ROAD CANTERBURY, NH 03224
(603) 783-9524



NO.	DATE	REVISION
1	8/18/05	GENERAL REVISIONS FOR CLOSURE OF PLANNING BOARD MEETING OF AUGUST 4, 2005

HOME OCCUPATION-GARDEN CENTER
"ONCE IN A BLUE MOON" A HOME OCCUPATION GARDEN CENTER & MODEL HOME
PREPARED FOR
WHITE BIRCHES OF CHICHESTER
CHICHESTER CONDOMINIUM CORPORATION - SPOKESMAN: JOE AUSTIN
LOCATION
US RTE. 4 & 232-NH RTE. 9 AND DOVER ROAD CHICHESTER, NH-MERRIMACK COUNTY - TAX MAP 3 LOT 888
TAX MAP 3 LOT 888

DATE: JUNE 24, 2005
PROJECT NO: 05-028
RECORDING NO:
DATE:
SHEET 2 OF 2







✓ Nicholas Law

ATTORNEY GENERAL
DEPARTMENT OF JUSTICE

33 CAPITOL STREET
CONCORD, NEW HAMPSHIRE 03301-6397

Vol/Pages 2831/1993
Doc# 622778
Date: 10/14/2005
Time: 4:00PM

KELLY A. AYOTTE
ATTORNEY GENERAL



MICHAEL A. DELANEY
DEPUTY ATTORNEY GENERAL

Book 2831 Page 1993

CERTIFICATE OF REGISTRATION

Condominium The White Birches of Chichester, A Condominium
NHDOJ: 200544105
Location: Chichester, Merrimack County
 New Hampshire
Declarant: Chichester Condominium Corporation
 7 Prescott Road
 Epping, New Hampshire 03042
Units: 17


The above referenced condominium is registered pursuant to RSA 356-B:54, II, with respect to the offer or disposition of

Units 1 through 17 inclusive

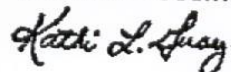
set forth in the condominium documents submitted to this office. In the event that the town or municipality wherein the condominium is located does not require a certificate of occupancy or other similar approval prior to closing, this certificate is issued subject to the condition that no closing be held with respect to any condominium unit until such unit has been substantially completed.

This certificate shall remain in full force and effect, subject to the conditions imposed by RSA 356-B and rules adopted thereunder, until such time as registration is suspended or revoked. Issuance of this certificate should not be construed as suggesting that the Consumer Protection and Antitrust Bureau or any other public agency recommends the condominium or has determined that the disposition of any condominium unit or interest therein is legally sufficient to protect the rights of the purchasers.

Issued: October 13, 2005


Richard W. Head
Senior Assistant Attorney General
Consumer Protection and Antitrust Bureau
(603) 271-3641

MERRIMACK COUNTY RECORDS

 Heidi L. Gray, CPO, Register

200544105 97492

Telephone 603-271-3658 • FAX 603-271-2110 • TDD Access: Relay NH 1-800-735-2964

P.001/001

~~CHICHESTER CONDOMINIUM CORP~~

GATCHELL DRIVE

Attn: Masuck
271-7933

CHICHESTER CONDOMINIUM CORP

362 DOVER ROAD

Tax Rates		Assessments		Levy		Summary Of Taxes	
County:	\$ 2.44	Taxable Land:	111,200	2010P02002703		Total Tax:	\$ 6,448.00
School:	\$ 11.40	Buildings:	226,900	Billing Date:		1st Bill:	\$ 3,670.00
Town:	\$ 3.05	Total:	338,100	10/26/2010		- Abated/Paid:	\$ 0.00
State Ed.:	\$ 2.18			Payment Due Date:		- Ver. Credits:	\$ 0.00
	\$ 0.00			12/6/2010		+ Penalties:	\$ 0.00
	\$ 0.00			Interest Rate:		Amount Due:	\$ 2,778.00
	\$ 0.00			12% APR After 12/06/2010		Other Due Amount(s):	\$ 13,027.05
	\$ 0.00						
Total Tax Rate:	\$ 19.07	Net Value:	338,100				

1st Mortgages - Land

Date Executed	Date Recorded	Amount	Mortgagor	Mortgagee	Notes
3/8/2007	3/8/2007	\$328,000	Joseph A. Austin, President of Chichester Condominium Corp	J. Bruce Gatchell, Elaine M. Gatchell, and Paul Gatchell	note subordinated to Financial Resources
8/28/2007	9/6/2007	\$50,000	Chichester Condominium Corp	Laconia Savings Bank	Mortgage deed discharged 10/3/08

Subtotal

\$378,000

1st Mortgages - Units

Date Executed	Date Recorded	Amount	Number of Unit	Mortgagor	Mortgagee
7/16/2007	7/18/2007	\$49,000.00	1	Chichester Condominium Corp	Donald Kelts
3/9/2007	3/12/2007	\$45,000.00	2	Chichester Condominium Corp	Joseph Boender
3/9/2007	3/12/2007	\$45,000.00	3	Joseph A. Austin, President of Chichester Condominium Corp	Stephen Simons
3/9/2007	3/12/2007	\$45,000.00	4	Chichester Condominium Corp	Raymon Kloepper II
3/9/2007	3/12/2007	\$45,000.00	5	Chichester Condominium Corp	Raymon Kloepper II
3/9/2007	3/12/2007	\$45,000.00	6	Chichester Condominium Corp	Raymon Kloepper II
3/9/2007	3/12/2007	\$45,000.00	7	Chichester Condominium Corp	Richard MacDonald
3/9/2007	3/12/2007	\$45,000.00	8	Chichester Condominium Corp	Richard MacDonald
3/9/2007	3/12/2007	\$45,000.00	9	Chichester Condominium Corp	Richard MacDonald

Date Executed	Date Recorded	Amount	Number of Unit	Mortgagor	Mortgagee
3/9/2007	3/12/2007	\$ 45,000.00	10	Chichester Condominium Corp	Greatland Project Development
3/9/2007	3/12/2007	\$45,000.00	11	Chichester Condominium Corp	Greatland Project Development
3/9/2007	3/12/2007	\$45,000.00	12	Chichester Condominium Corp	Greatland Project Development
3/9/2007	3/12/2007	\$45,000.00	13	Chichester Condominium Corp	Greatland Project Development
3/9/2007	3/12/2007	\$45,000.00	14	Joseph A. Austin, President of the Chichester Condominium Corp.	Greatland Project Development
3/9/2007	3/12/2007	\$120,000	15	Chichester Condominium Corp	South West Federal North Texas, LP
3/9/2007	3/12/2007	\$150,000	16	Chichester Condominium Corp	Square Hill Partners of Wolfeboro
3/9/2007	3/12/2007	\$45,000	17	Chichester Condominium Corp	Greatland Project Development

Subtotal

\$994,000.00

2nd Mortgages - Units

Date Executed	Date Recorded	Amount	Number of Unit	Mortgagor	Mortgagee	Notes
10/3/2008	10/6/2008	\$170,000	1	Chichester Condominium Corp	Donald Dodge Inc. TTEE for SMM 2007 Realty Trust	
3/9/2007	3/9/2007	\$30,000	15	Chichester Condominium Corp	Donald Dodge Inc. TTEE for SMM 2007Realty Trust	increased to \$46,000 on 11/6/07 because of unpaid note

Subtotal

\$200,000

Assignments/Partial Assignments of Mortgages

Date Executed	Date Recorded	Amount	Number of Units	Assignor	Assignee
3/31/2008	4/21/2008	\$45,000	3	Stephen O. Simmons	For the benefit of S. O. Simons, Inc.
3/23/2007	4/4/2007	\$45,000	10	Greatland Project Development, Inc.	Randy Butler TTEE of the Newton Paper Trust
3/9/2007	4/4/2007	\$45,000	11	Greatland Project Development, Inc.	Devin Kanai
3/20/2007	3/29/2007	\$45,000	12	Greatland Project Development, Inc.	Francine Caroselli, TTEE of 1998 Francine Caroselli Rev Trust
3/20/2007	3/29/2007	\$45,000	13	Greatland Project Development, Inc.	Francine Caroselli, TTEE of 1998 Francine Caroselli Rev Trust
3/20/2007	3/29/2007	\$45,000	14	Greatland Project Development, Inc.	Francine Caroselli, TTEE of 1998 Francine Caroselli Rev Trust
5/1/2009	7/15/2010	\$150,000	16	Square Hill Partners of Wolfeboro	FBO Paul J Frucci and Lindsay H Frucci, Co-TTEEs of the Square Hill Trust
5/1/2009	7/15/2009	\$45,000	17	Square Hill Partners of Wolfeboro	FBO Paul J Frucci and Lindsay H Frucci, Co-TTEEs of the Square Hill Trust
3/20/2007	3/29/2007	\$45,000	17	Greatland Project Development, Inc.	Square Hill Partners of Wolfeboro

Subtotal \$510,000

Summary

Mortgage	Amount
1st Mortgages - Land	\$378,000
1st Mortgages - Units	\$994,000.00
2nd Mortgages - Units	\$200,000
Assignments/Partial Assignments of Mortgages	\$510,000
Total	\$2,082,000

Notes

- Upon information and belief, units should not have been sold as the condominium declaration had not been recorded in the Merrimack County Registry of Deeds.

Beaver Pond Estates

Rollercoaster Road, Laconia, NH

Good Earth Revocable Trust, Michael
Gould Trustee, beneficiaries are Susan
Farah & Gary Coyne (50% each)

Site Plan

- Rokeh Consulting, LLC produced site plan (Tax Map 127, Block 191, Lots 3 & 4.
- A cluster housing condominium plan of 49 units on approximately 8.68 acres.

Approval

- Site plan approval and certification by Laconia Planning Board, 8/8/2006.
- Approval from NH AG's Consumer Protection Bureau never awarded to Good Earth Revocable Trust due to inadequate personal financial statements.
- As late as August 2009, attorney for FRM submits responses to AG inquiries to no avail.

Mortgages Recorded

- 11/3/2006,
- Loan A: \$375,000 mortgage to Richard Frucci.
- Loan B: \$175,000 mortgage to Raymond Kloepper.
- Loan C: \$700,000 mortgage to GRH Realty, LLC.

Mortgages Cont.

- 7/27/2007
- Loan D: \$4,029,000 mortgage to Greatland Project Development.
- Loan E: \$930,000 mortgage to Greatland Project Development.
- Total all mortgages, **\$6,209,000.**

Notes

- Good Earth Revocable Trust, Michael Gould Trustee, listed the appraised value of the Beaver Pond Real Estate parcel at \$1,325,000.
- Two condominium sections, approximately 9 units were built, 3 actually finished, without AG Consumer Protection approval.

Total Costs

- Budget was \$113,000 per completed unit.
- Infrastructure was \$800,000.
- Selling price was to be \$159,000 to \$179,000
- Approximately \$2,000,000 was actually spent.
- Approximately \$4,200,000 unaccounted for.

Current Status

- 5/4/2010, Brady Sullivan Properties buys entire parcel plus tax liens. NH AG's Consumer Protection Bureau approves site for development on 10/15/2010.

Note

The Rice law office in Laconia, NH represented a lender (\$130,000) to Beaver Pond and who had received several interest payments, charged that the mortgage was never recorded and the borrower (Michael Gould, Trustee of Good Earth Revocable Trust) was in default and requested immediate restitution.

BEAVER POND ESTATES
A CONDOMINIUM

2 BEDROOM / 1.5 BATH TOWNHOUSES	GARAGES
GRANITE KITCHENS & BATHS	GAS HEAT
GAS FIREPLACES	FULLY-APPLIANCED

MANAGED BY PATRICK SHIMON
PHOTO: JASON SCUL
603.578.8225
WWW.BEAVERPOND.ORG

BEAVER
POND
ESTATES





**Center Harbor Christian Church
(CHCC) Property Located on
Colonial Drive**

Center Harbor Christian Church Property Overview

- In 2009, CHCC deeded 10 lots of this 14 lot subdivision to Lawrence Baldi, LBSF 2005 Realty Trust and LB Realty Trust.
- Financial Resources, Scott Farah, was the general contractor and supervised the construction of infrastructure, two houses, and two foundations.
- Development location was good, with home values projected to be \$375,000 and up.

Center Harbor Christian Church Property Overview (continued)

- Builder was Lawrence Baldi on or about 2009. Mr. Baldi was Scott Farah's partner on this project. Farah told Mr. Baldi that the project could not be finished due to lack of funds. Construction bills were submitted to FRM or CL and M for payment.
- Mortgage paperwork was completed by Gould and Burke.
- Scott Farah would move Baldi around to different projects before homes were completed.

- Donald Dodge purchased the two houses built on lots 1 and 13.
- CL and M collected \$2,750,000 from private lenders through partial assignments on the 10 lots.
- Tom Holly was the site inspector and would approve the work done.

Registry Errors

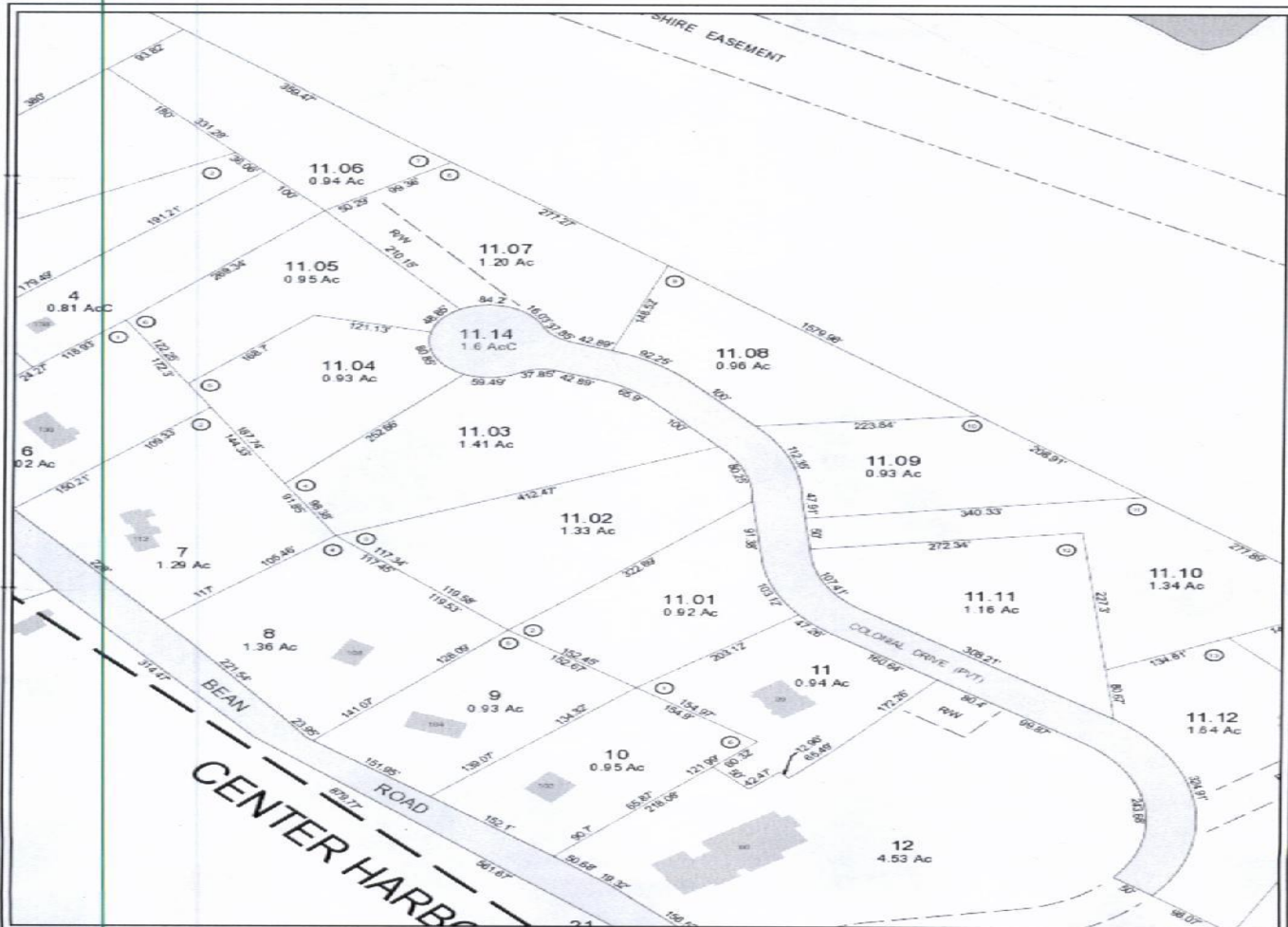
- The documents at the Carroll County Registry Deeds were not accurate and assignments are not properly recorded. For example, descriptions of a property within Mortgage Assignments entitled Tax Lot 50 should be Tax Lot 40. The Carroll County Registry of Deeds confirmed this. The explanation could be sloppy paperwork.

- The Land was divided into Two Parcels. The first Parcel is the Church and the Second is divided into 14 Lots or Units. Two foundations were build on Parcel 2.
- Reiko Cheng Revocable Trust lent money to Center Harbor Christian Church for the subdivision of 14 lots.

- Greatland Development Project Inc. (GDPI) was the Assignor of the Mortgages on a number of the lots. The Assignees were lenders.
- CL and M would make payments for the work completed through disbursement requests. Loan Master Reports display the payment history for the disbursements and payments.

- Philip Korkosz of Korkosz Appraisal Services, LLC, whose license was revoked, was the Supervisory Appraiser for some of Units.
- The Maine Board of Real Estate Appraisers revoked Mr. Korkosz's license on March 13, 2007.
- The Vermont Board of Real Estate Appraisers revoked Mr. Korkosz's license on in July, 2007.

- The New Hampshire Board of Real Estate Appraisers revoked Mr. Korkosz's license in February, 2009.
- Maine found that Mr. Korkorsz had accepted fees in return for preparing appraisals to match predetermined values of properties, omitting from appraisals aspects of properties that would diminish their value and providing false and misleading information on appraisals.



Moultonborough, NH

1 Inch = 172 Feet



Data shown on this map is provided for planning and informational purposes only. The Town of Moultonborough and Cartographic Associates, Inc. are not responsible for any use for other purposes or misuse or misrepresentation of this map.

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CARTOGRAPHIC ASSOCIATES, INC.



Moultonborough, NH

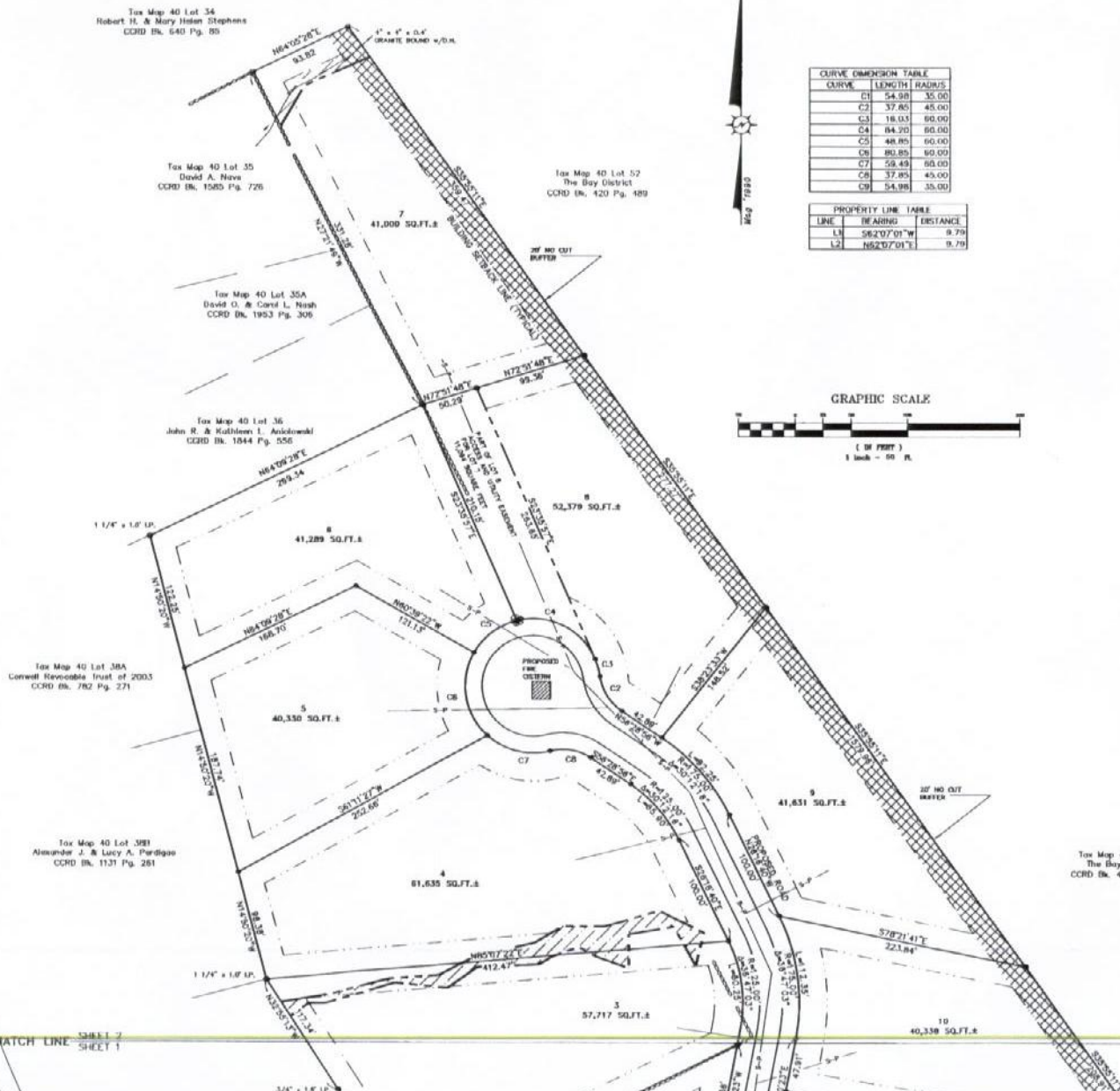
1 Inch = 172 Feet



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www.cai-info.com

CARTOGRAPHIC ASSOCIATES, INC.



CURVE	LENGTH	RADIUS
C1	54.98	35.00
C2	37.85	45.00
C3	18.03	60.00
C4	64.70	60.00
C5	48.85	60.00
C6	80.85	60.00
C7	59.49	60.00
C8	37.85	45.00
C9	54.98	35.00

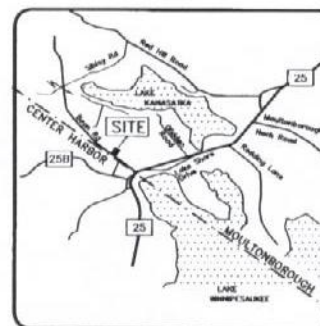
LINE	BEARING	DISTANCE
L1	S62°07'01"W	9.79
L2	N52°07'01"E	9.79

Reference Plans:

A) "Subdivision of Land of F.R.B. Realty Associates, Tax Map 40 Lot 58, Bear Road, Mountbrough, Carroll County, MD", by Dulac & Dufresne, Dated Feb. 9, 1990; Recorded at CORD Plan Book 131 Page 29.

Approved by
Mountbrough Planning Board
Signed *[Signature]*
Date *1-6-06*

CARROLL COUNTY
REGISTRY OF DEEDS
DOCKET # *000576*
DATE *01/10/06* TIME *12:41 PM*
PLAN BOOK *213* PAGE *038*
Alanna G. Bricker
REGISTER



LOCUS
(Not To Scale)

Tax Map 40 Lot 52
The Bay District
CORD Bk. 420 Pg. 489

MATCH LINE SHEET 1

MATCH LINE SHEET 2



MBLU : 140/ / 011/000 000/000/

Location: 39 COLONIAL DRIVE

Owner Name: [REDACTED]

Account Number:

Parcel Value

Item	Assessed Value
Buildings	280,200
Xtra Bldg Features	2,900
Outbuildings	2,500
Land	96,600
Total:	382,200

Owner of Record

[REDACTED]
39 COLONIAL DRIVE
MOULTONBOROUGH, NH 03254

Ownership History

Owner Name	Book/Page	Sale Date	Sale Price
[REDACTED]	2676/ 220	11/20/2007	382,533
DODGE DONALD E	2584/ 410	11/20/2005	435,000
CENTER HARBOR CHRISTIAN FELLOWSHIP	1846/ 338	1/18/2000	60,000

Land Line Valuation

Size	Zone	Assessed Value
0.94 AC	P	96,600

Construction Detail

Building # 1	Stories: 1.75	Occupancy 1
STYLE Modern/Contemp	Roof Structure: Gable/Hip	Roof Cover Asph/F Gls/Cmp
Exterior Wall 1 Clapboard	Interior Fir 1 Hardwood	Interior Fir 2 Carpet
Interior Wall 1 Drywall/Sheet	Heat Type: Forced Air-Duc	AC Type: None
Heat Fuel Gas	Total Bthrms: 2	Total Half Baths: 1
Total Bedrooms: 03		

Building Valuation

Living Area 2,822 square feet	Year Built: 2007	Depreciation: 3%
Building Value: 280,200		























National Inspection and Repair Company, Inc. (NIR)

Topeka, Kansas

David Price/Owner

- National Inspection and Repair (NIR) is a Kansas based corporation which conducts OSHA inspections of heavy equipment and dams.
- In the early 2000's, Financial Resources & Assistance of the Lakes Region (FRA), the predecessor company to FRM, made business loans and loan commitments to NIR secured by accounts receivable and heavy equipment.
- FRA had several such notes outstanding against various companies, including Creative Carriers.
- At about the same time, Scott Farah issues unsecured promissory notes to private lenders to be placed in the "NIR Program," a factoring program.

- In 2002, FRA sued NIR for collection of the money owed to FRA. NIR counterclaimed against FRA for failing to honor the alleged loan commitments of FRA.
- Attorney Chris Carter represented NIR.
- FRA's accountant booked the NIR note in 2003 as an asset worth \$717,984.
- In 2004, FRA obtained a judgment against NIR for \$300,000. The judgment was appealed to the NH Supreme Court where the judgment was upheld.

- FRA issued multiple unsecured promissory notes in 2002 and 2003 against the NIR factoring debt owed to FRA.
- One of the unsecured note holders was Jackie and Ronnie Stone, members of the Center Harbor Christian Church.
- Jackie and Ronnie Stone invested approximately \$250,000 in unsecured notes with half going into NIR and the other half going into Blue Flower Inn. Some of the money belonged to Ron Stone's father.

- In the Fall of 2004, the Stones asked for their money back. Upon information and belief, FRA could not pay the debt until Feb. 2005 when FRA offered to pay the debt. The Stones filed suit against FRA in March, 2005. Chris Carter also represented the Stones.
- In Nov. 2005, Ron Stone contacted by telephone the Bureau complaining about his investment with FRA. The Bureau believed that the basis of Stones complaint was that Scott Farah had invested their money in a company that ceased to exist.

- A formal written complaint was never filed with the Bureau.
- During the Nov. 2005 phone call, the Bureau inquired with Mr. Stone if he would be filing a formal written complain with the Bureau. Mr. Stone stated that he had an attorney, Chris Carter, that would deal with the matter through the Attorney General's office and that they were investigating Robert Farah, the pastor of the Center Harbor Christian Church.
- In the Spring of 2006, following a newspaper article that appeared regarding the Stone's lawsuit, the Bureau went to FRA to meet with Scott Farah and his counsel.

- In the Spring of 2006, the Bureau obtained copies of the Stone's unsecured promissory notes and all other unsecured promissory notes related to the NIR Program and took a cease and desist action in Jan. 2007 with respect to those notes and all others identified previously. NIR was still in existence at this time, and official records of the State of Kansas indicate that they were in good standing.
- According to those records, in Nov. 2004, NIR lost their corporate charter for failing to pay fees and filing required documents, but their charter was reinstated in March 2005 and remains in good standing to this day.

- By the Spring of 2005, all of the NIR unsecured promissory notes had been paid back or rolled into secured mortgages such as Apple Ridge.
- Apple Ridge is an undeveloped 117 unit apartment complex (raw land with no buildings) consisting of 15.38 acres on two tracts of land in Laconia, NH. The SMM Realty Trust, Susan Farah and Phil Brouillard, co-trustees, acquired said property in a foreclosure sale in 1996.
- Included in the Apple Ridge rollovers were unsecured notes held by Wales, Miller and Gates, individuals who have testified in this matter. Consisting of a total value of over 1 million dollars.

- At around the same time, FRA was working with counsel and the accountant to redeem all of FRA's unsecured notes to comply with the Securities laws.
- In May 2006, the Stones settled their lawsuit under a confidential settlement agreement resolving all claims against FRA.

State of Kansas, Office of Secretary of State Corporate History

TOTAL P.002

STATE OF KANSAS OFFICE OF SECRETARY OF STATE

I, CHRIS BIGGS, Kansas Secretary of State, certify that the records of this office reveal the following:

I FURTHER CERTIFY that NATIONAL INSPECTION AND REPAIR, INC. was a regularly and properly organized corporation under the laws of the state of Kansas, having been incorporated in Kansas on the 17th day of May, A.D., 1996.

I FURTHER CERTIFY that NATIONAL INSPECTION AND REPAIR, INC. was forfeited on November 15, 2004 for failure to file the April 2004 annual report and filing fee in accordance with K.S.A. 17-7510, as amended.

I FURTHER CERTIFY that a certificate of reinstatement was filed in this office March 17, 2005 in accordance with K.S.A. 17-7002.

I DO FURTHER CERTIFY that NATIONAL INSPECTION AND REPAIR, INC. is in good standing, having fully complied with all requirements of this office.

In testimony whereof:
I hereto set my hand and cause
to be affixed my official seal.
Done at the city of Topeka, this
3rd day of December A.D., 2010.



CHRIS BIGGS
KANSAS SECRETARY OF STATE

← Lost Corporate Status from
11/15/2004 - 3/17/2005

- Otherwise in good
standing since 1996

- Including the Manoukian Tinker Road Development, consisting of 3 million dollars, the Bureau determined, based upon it's review of the previously described subdivisions, total monies unaccounted for in the amount of approximately \$ 27,000,000.
- This number should be reduced by the amount of interest paid to Lenders on the loans. This number was not calculated given the substantial undertaking necessary and the lack of sufficient records.

Financial Resources Mortgage, Inc.

Financial Statements and Independent Auditors' Reports

Conducted by Connor & Associates, P.C.

1999-2008

Financial Resources Mortgage, Inc.

Connor & Associates, P.C.

- We conduct our audits in accordance with generally accepted auditing standards.
- Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Financial Resources Mortgage, Inc.

How Audits Work

- An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.
- An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Financial Resources Mortgage, Inc.

Engagement Letter



Connor & Associates, P.C.

February 22, 2008

Mr. Scott Farah, President
Financial Resources & Assistance of the Lakes Region, Inc.
15 Northview Drive
PO Box 1158
Meredith, NH 03253

Dear Mr. Farah:

We are pleased to confirm our understanding of the services we are to provide for Financial Resources & Assistance of the Lakes Region, Inc. for the years ended December 31, 2007 and 2006.

We will audit the balance sheets of Financial Resources & Assistance of the Lakes Region, Inc. as of December 31, 2007 and 2006, and the related statements of income, retained earnings, and cash flows for the years then ended.

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U. S. generally accepted accounting principles. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion is other than unqualified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Also, we will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Financial Resources & Assistance of the Lakes Region, Inc.
February 22, 2008
Page 2

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that comes to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing, and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you internal control related matters that are required to be communicated under professional standards.

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with U.S. generally accepted accounting principles. You are also responsible for management decisions and functions; for designating a management-level individual with suitable skill, knowledge, or experience to oversee the tax services and any other nonattest services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

You are responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the company involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the company received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations and for taking timely and appropriate steps to remedy any fraud, illegal acts, or violations of contracts or agreements that we may report.

Financial Resources Mortgage, Inc.

Engagement Letter (continued)

Financial Resources & Assistance of the Lakes Region, Inc.
February 22, 2008
Page 3

If, for any reason, we are unable to complete our audit of your financial statements, we will not issue a report on such statements as a result of this engagement.

Prior to or as part of our audit engagement, we will perform certain bookkeeping services including, but not limited to recording general journal entries and posting certain transaction entries to general ledger accounts. The objective will be to convert your general ledger to the accrual basis of accounting so that we may perform our audit engagement.

We will be responsible for proposing journal entries. We will not perform any management functions or make management decisions on your behalf with respect to any bookkeeping we provide.

You agree that in connection with our performance of any bookkeeping services, you will:

1. Continue to make all management decisions and perform all management functions including approving all journal entries and general ledger classifications when they are submitted to you.
2. Designate Scott Farah as the designated person to oversee our bookkeeping services.
3. Evaluate the adequacy and results of the bookkeeping services we perform.
4. Accept responsibility for the results of our bookkeeping services, and,
5. Establish and maintain internal controls, including monitoring ongoing activities related to the bookkeeping function.

You agree to give us the following documents from which we will perform our bookkeeping service: bank statements, canceled checks, check stubs or register, payroll records, documents concerning asset acquisitions and dispositions, liabilities and notes payable, and other relevant documents.

We can also prepare the federal and state income tax returns for your company for the year ended December 31, 2007 upon your request.

We estimate that our fees for these services will range from \$10,000 - \$15,000 for the audit. You will also be billed for travel and other out-of-pocket costs. The fee estimate is based on anticipated cooperation from your personnel, the preparation of workpapers described in the accompanying letter and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimated before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will

Financial Resources & Assistance of the Lakes Region, Inc.
February 22, 2008
Page 4

be deemed to have been completed even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,



CONNOR & ASSOCIATES, P.C.

RESPONSE:

This letter correctly sets forth the understanding of Financial Resources & Assistance of the Lakes Region, Inc.

Officer signature: 

Title: President

Date: 2/25/08

Financial Resources Mortgage, Inc.

Management Representation Letter

FINANCIAL RESOURCES MORTGAGE, INC.

15 Northview Dr. • P.O. Box 1158 • Meredith, NH 03253

Phone (603) 279-1133 • Fax (603) 279-5912

www.frmortgageinc.com

P-12

Connor & Associates, P.C.

March 11, 2009

Page Two

March 11, 2009

Connor & Associates, P.C.

41 Brook Street

Manchester, NH 03104

We are providing this letter in connection with your audits of the balance sheets of Financial Resources Mortgage, Inc. as of December 31, 2008 and 2007 and the related statements of income, stockholders' equity, and cash flows for the years then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of income, and cash flows of Financial Resources, Inc., in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of income, and cash flows in conformity with generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all assets and liabilities under the organization's control.
2. We have made available to you all:
 - a. Financial records and related data.
 - b. Minutes of the meeting of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
5. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.


6. We have no knowledge of any fraud or suspected fraud affecting the Company involving:
 - a. Management,
 - b. Employees who have significant roles in internal control,
 - c. Others where the fraud could have a material effect on the financial statements.
7. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company received in communications from employees, former employees, grantors, regulators, or others.
8. The Company has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.
9. The following, if any, have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b. Guarantees, whether written or oral, under which the Organization is contingently liable.
 - c. All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.
10. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that *near term* means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the association vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
11. There are no:
 - a. Violations or possible violations of laws and regulations and provisions of contracts whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Unasserted claims or assessments that our lawyers have advised us that are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5, Accounting for Contingencies.

Financial Resources Mortgage, Inc.

Management Representation Letter (continued)

Connor & Associates, P.C.
March 11, 2009
Page 3

- c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5.
 - d. Designations of net assets disclosed to you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the financial statements.
- 12. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
 - 13. The Company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged, except as otherwise disclosed in the notes to the financial statements.
 - 14. All stock transactions are properly presented within the accompanying financial statements. All stock records are maintained by management and are not maintained by outside parties. The Company complied with all Securities and Exchange Committee rules regarding the sale of securities.
 - 15. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
 - 16. No events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
 - 17. The Company has not issued any preferred or common stock during the year ended December 31, 2008 and has not issued any debt instruments or guaranteed any obligations of the Company's stockholders or other entities.



Scott Farah, President

Date


Financial Resources Mortgage, Inc.

Confirmation Letter Example

FINANCIAL RESOURCES

15 Northview Dr. • P.O. Box 1158 • Meredith, NH 03253
603-279-1133 • Fax (603) 279-5912
www.franh.com


July 13, 2006


Our auditors, Connor & Associates, P.C., are conducting an audit of our financial statements for the year ended December 31, 2005. As part of the examination, they are requesting that you confirm certain information. We have indicated to them that Financial Resources acts as an agent for you, and that the amounts you have advanced were exchanged for certain unrelated notes or mortgage receivables. Please confirm the following as of December 31, 2005:

1. Financial Resources, Inc. is not obligated to repay the amount that was advanced by you and exchanged for unrelated mortgages during the year ended December 31, 2005.
2. Financial Resources, Inc. has not guaranteed or provided additional security for the amounts that have been advanced to Financial Resources, Inc.
3. Financial Resources, Inc. acts only as an agent on your behalf whereby, it collects note payments and correspondingly pays you under the unrelated note terms.
4. If the notes that you purchased goes into default or foreclosure, Financial Resources, Inc. is not liable for any shortage that may result from the default or foreclosure.

If the above information is correct, please sign and date your reply, and mail directly to our auditors in the enclosed return envelope or fax directly your responses to (603) 623-9872.

Sincerely,


Scott Farah, President
FINANCIAL RESOURCES, INC.

Signature: 

Date: 7-20-06

Financial Resources Mortgage, Inc.

Business Model

- FRM was a New Hampshire corporation that provides financial funding on a short term to long term financing basis to individuals and businesses.
- FRM derived a significant portion of its income from commissions on the brokerage of mortgages with various unrelated third party finance companies.
- The primary geographic funding area was the Northeast with secondary revenue sources throughout the continental U.S.

Financial Resources Mortgage, Inc.

Balance Sheet

Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Assets	\$415,191	\$884,463	\$1,694,412	\$1,598,306	\$1,705,138	\$1,577,203	\$2,350,868	\$1,051,535	\$665,172	\$666,275
Current Liabilities	\$230,318	\$642,203	\$1,164,679	\$758,681	\$772,081	\$687,247	\$1,303,711	\$286,911	\$382,554	\$362,399
Notes Payable, Related Parties	\$24,309	\$57,459	\$55,501	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$218,913	\$18,618	\$18,618
Stockholder Equity	\$160,564	\$184,801	\$474,232	\$839,625	\$933,057	\$889,956	\$1,047,157	\$545,711	\$264,000	\$285,258
Revenue	\$3,059,985	\$2,379,214	\$3,255,469	\$3,131,903	\$3,797,427	\$5,068,304	\$8,114,115	\$7,119,541	\$6,025,220	\$5,482,193
Operating Expenses	\$3,027,975	\$2,429,554	\$3,226,383	\$2,717,478	\$3,740,404	\$5,006,777	\$7,468,417	\$7,164,647	\$5,643,812	\$5,451,798
Net Income	\$30,949	\$2,517	\$85,784	\$534,713	\$159,752	\$123,219	\$385,367	\$302,374	\$249,789	\$21,258

Assets = Liabilities + Shareholder Equity

Liabilities = Current Liabilities + Notes Payable-Related Parties + Long-Term Debt

Financial Resources Mortgage, Inc.

Noteworthy Assets:

Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Cash and Cash Equivalents	\$16,794	\$0	\$10,043	\$8,919	\$56,195	\$0	\$125,000	\$235,552	\$132,677	\$174,240
Current Portion of Notes Receivable					\$301,800	\$300,000	\$0	\$375,000	\$375,000	\$375,000
Current Portion of Notes Receivable, Unsecured	\$38,507	\$475,362	\$44,300	\$308,800						
Current Portion Notes Receivable, Preferred Shareholders	\$0	\$0	\$465,013	\$45,482	\$114,606	\$17,500	\$17,500	\$17,500	\$0	\$0
Notes Receivable, Related Party	\$2,500	\$108,607	\$193,507	\$95,108	\$105,370	\$115,632	\$0	\$0	\$0	\$0
Notes Receivable, Preferred Shareholders, less current shown above	\$0	\$0	\$73,800	\$541,349	\$530,300	\$530,300	\$530,300	\$223,300	\$0	\$0
Participation Notes Receivable	\$0	\$0	\$717,984	\$717,984	\$717,984	\$717,984	\$1,664,064	\$0	\$0	\$0

Financial Resources Mortgage, Inc.

Noteworthy Liabilities:

Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Demand and Short-term Notes Payable	\$179,000	\$547,226	\$1,023,665	\$519,346	\$519,346	\$388,001	\$358,299	\$12,608	\$0	\$0
Accounts Payable	\$49,369	\$92,996	\$26,719	\$46,040	\$44,635	\$69,559	\$131,952	\$77,723	\$103,704	\$135,008
Accrued Expenses	\$1,949	\$1,981	\$114,295	\$193,295	\$99,375	\$158,638	\$426,088	\$95,054	\$192,900	\$141,441
Notes Payable - officer	\$0	\$0	\$0	\$0	\$108,725	\$71,049	\$49,772	\$0	\$0	\$0
Notes Payable, Related Parties	\$24,309	\$57,459	\$55,501	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deferred Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$337,600	\$101,526	\$85,950	\$85,950
Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$218,913	\$18,618	\$18,618

Financial Resources Mortgage, Inc.

Shareholders' Equity:

Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Common Stock	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Preferred Stock	\$93,000	\$483,000	\$442,000	\$392,000	\$392,000	\$392,000	\$392,000	\$138,000	\$0	\$0
Preferred Stock subscribed	\$0	\$597,000	\$930,000	\$994,000	\$994,000	\$994,000	\$936,000	\$393,500	\$0	\$0
Retained Earnings	\$52,564	\$23,801	(1,155,718)	(\$804,325)	(\$801,893)	(\$853,994)	(\$638,793)	(\$463,739)	(\$213,950)	(\$192,692)
Additional Paid In Capital	\$0	\$0	\$242,950	\$242,950	\$342,950	\$342,950	\$342,950	\$462,950	\$462,950	\$462,950

Financial Resources Mortgage, Inc.

Noteworthy Operating Expenses:

Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Mortgage Expense	\$1,609,984	\$1,042,271	\$1,520,919	\$918,469	\$1,518,423	\$2,389,616	\$3,433,714	\$3,167,693	\$1,519,163	\$1,560,401
Salaries and Related Payroll	\$239,039	\$250,195	\$258,454	\$210,441	\$310,649	\$476,419	\$810,137	\$795,703	\$840,299	\$737,428
Professional Expenses	\$13,886	\$28,042	\$259,141	\$109,833	\$106,654	\$118,975	\$488,480	\$402,770	\$521,842	\$458,725

Total Professional Expenses from 1999–2008 = \$2,508,348

*FLM
Anly*

42 mofia

	2008	2007	2006	2005 (A)	2004
<u>Revenue</u>					
Mtg Income	3139960	2667455	2926908	5963476	3823054
Commissions	2172238	3260036	3906779	1785523	1112453
Other	169995	97729	365854	165116	71270
	<u>5482193</u>	<u>6025220</u>	<u>7199541</u>	<u>8114115</u>	<u>5206777</u>
<u>Int'l Expense</u>					
Servicing - 1089	401679	173264	373293	651141	630861
Other	172932	4256	Not disclosed		
	<u>213611</u>	<u>177520</u>	<u>373293</u>	<u>651141</u>	<u>630861</u>
(A) - Two sales of mtg to CLM					
				730000	
				4100000	
				<u>4830000</u>	

Financial Resources Mortgage, Inc.

Reduction of Preferred Shareholders

2004 - 2006

PREFERRED STOCK SUBSCRIBED

FINANCIAL RESOURCES PREFERRED STOCK CFWD

	1	2	3	4	5	6	7	8	9	Balance Financial Statement	Add'l Shareldr David Mount	Unknown Shareldr	Restated F/S
Balance - 12/31/04	22.00	36.00	344.00	61.00	401.00	28.00	34.00	34.00	34.00	994.00	34.00	21.50	1,049.50
Redemption y/e 12/31/05	(22.00)	(36.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(58.00)	0.00	0.00	(58.00)
Balance - 12/31/05	0.00	0.00	344.00	61.00	401.00	28.00	34.00	34.00	34.00	936.00	34.00	21.50	991.50
Redemption y/e 12/31/06	0.00	0.00	0.00	(61.00)	(401.00)	0.00	(34.00)	(34.00)	(34.00)	(564.00)	(34.00)	0.00	(598.00)
Balance - 12/31/06	0.00	0.00	344.00	0.00	0.00	28.00	0.00	0.00	0.00	372.00	0.00	21.50	393.50

FINANCIAL RESOURCES PREFERRED STOCK CFWD

PREFERRED STOCK

	1	2	3	4	5	6	Balance Financial Statement
Balance - 12/31/04	143	15	138	39	40	17	392
Redemption y/e 12/31/05	0	0	0	0	0	0	0
Balance - 12/31/05	143	15	138	39	40	17	392
Redemption y/e 12/31/06	(143)	(15)	0	(39)	(40)	(17)	(254)
Balance - 12/31/06	0	0	138	0	0	0	138

Financial Resources Mortgage, Inc.

Reduction of Preferred Shareholders 2007

Financial Resources
Equity Card
12/31/07 *SS-1*

		Balance 12/31/06	Budget	Balance 12/31/07
Addition of Capital		46295000 ✓		
Common Stock		1500000 ✓		1500000
Preferred Stock				
	<u>Shares</u>			
7/96	12%	113 ✓	113000 ✓	
12/96		8 ✓	8000 ✓	
3/97		2 ✓	2000 ✓	
12/97		15 ✓	15000 ✓	
	<u>138</u>		138000	SS-1
Preferred Stock Subscribed				
	12%	244.00	244000	
	Unknown	21.50	344000	XX SS-4
		<u>365.50</u>		
	12%	28	28000	SS-3
✓ Ag-to 12/31/06 Audited F/L				

Financial Resources Mortgage, Inc.

Letter from Connor to Maloney



Connor & Associates, P.C.

CERTIFIED
PUBLIC
ACCOUNTANTS

August 22, 2006

Mr. Denis Maloney
Gallagher, Callahan & Gartrell, PA
214 North Main Street
PO Box 1415
Concord, NH 03302

Re: Financial Resources of the Lakes Region, Inc.

Dear Denis:

The following analysis provides balances of individuals in the participation notes of Financial Resources as of December 31, 2005 and at August 18, 2006. All individual note balances and subsequent payoffs were verified to copies of statements mailed to each individual, cancelled checks and bank statements.

	<u>Balance at 12/31/05</u>	<u>Balance at 8/18/06</u>
<u>The Arches</u>		
1 [REDACTED]	\$ 16,219	\$ - pd in full
2 [REDACTED]	26,805	- pd in full
<u>Boston Hill</u>		
3 [REDACTED]	11,280	- pd in full
4 [REDACTED]	35,007	- pd in full
5 [REDACTED]	56,528	- pd in full
<u>Sand Bar</u>		
6 [REDACTED]	34,746	- pd in full
7 [REDACTED]	16,971	- pd in full
8 [REDACTED]	15,712	- pd in full
9 [REDACTED]	21,963	- pd in full
10 [REDACTED]	15,705	- pd in full
<u>NIR</u>		
11 [REDACTED]	300,000	- pd in full

If you have any questions, please call.

Sincerely,

William P. Connor, CPA, MST

Financial Resources Mortgage, Inc.

Purchase and Sale Agreement: Creative Courier

B-10

FCC

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made this 6th day of June, 2005 between:

SELLER: Financial Resources and Assistance of the Lakes Region Inc.
a New Hampshire corporation with an address of:
P.O. Box 1158 Meredith, NH 03253 and

BUYER: CL and M, Inc., a Nevada corporation with a NH address of:
P.O. Box 7603, Gilford, NH 03247

WITNESSETH: That the SELLER agrees to sell and convey, and the BUYER agrees to purchase the SELLER's interest in its Factoring (Accounts Receivable Purchase) agreement dated December 9, 1997 from a Creative Courier Concepts Inc., a New Hampshire Corporation and personally guaranteed by Anthony P. Troiani, President and secured by UCC-1 filings, plus a Mortgage securing a Promissory Note from Anthony P. Troiani on his property located on the northwesterly sizable seminar Road in Meredith, County of Belknap, New Hampshire, dated December 9, 1997 and recorded at book #1446, page #0731 at the Belknap County Registry of Deeds. This promissory note in mortgages also personally guaranteed by Anthony P. Troiani.

PURCHASE PRICE: Seven Hundred Thirty Thousand Dollars (\$730,000.00).
is to be paid in no less than 60 days. (Payment schedule attached).

CLOSING DATE: Closing Date shall be on or before June 15, 2005 at the office of the SELLER or such other place as is mutually agreed to by the parties, at which time the documents shall be executed and the SELLER's assignment shall be transferred to the BUYER.

BUYERS RESPONSIBILITY & SELLERS COOPERATION:

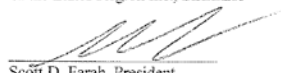
The BUYER, CL and M, Inc hereby assumes all collection responsibility including all costs and liabilities for the collection activities in pursuit of said Writ of Attachment, and

the SELLER hereby agrees to cooperate with the BUYER, its attorneys and/or legal proceedings necessary in such pursuit. However, BUYER shall reimburse SELLER for any expenses, incurred by SELLER, associated with such cooperation.

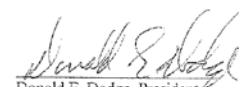
REPRESENTATIONS AND OBLIGATIONS: All representations, statements, and agreements between the parties are merged in this Purchase and Sale Agreement. This agreement is entered into by each party after opportunity for investigation, neither party relying on any statements or representations not embodied in this agreement, made by the other or on his behalf.

This Agreement, dated this 6th day of June, 2005 shall be binding upon the heirs, executors, administrators and assigns of both parties.

Financial Resources and Assistance
of the Lakes Region Inc., SELLER


Scott D. Farah, President
Authorized

CL and M, Inc., BUYER


Donald E. Dodge, President
Authorized

Financial Resources Mortgage, Inc.

Purchase and Sale Payment Record: Creative Carrier

Purchase and Sale Payment Record

Date	Amount Paid	Method of Payment (Check #, Wire, etc.)
6/18/05	200,000 ✓ 11	WIRE
7/2/05	200,000 ✓ 11	Wire
7-5-2005	330,000 ✓ 11	WIRE

PAID IN FULL
7/5/2005
✓ - Trans to Deposit Bal sheet Joanne D. E. D.

Financial Resources Mortgage, Inc.

Purchase and Sale Agreement: Boston Hill

B-4

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made this 10th day of July, 2006 between

SELLER: Financial Resources and Assistance of the Lakes Region Inc.

a New Hampshire corporation with an address of:

P.O. Box 1158 Meredith, NH 03253 and

BUYER: CL and M, Inc., a Nevada corporation with an address of:

P.O. Box 7603, Gilford, NH 03247

WITNESSETH: That the SELLER agrees to sell and convey, and the BUYER agrees to purchase the SELLER's interest in its Assigned Writ of Attachment on property known as Boston Hill Project located in Westborough Massachusetts and recorded at the Worcester County Registry of Deeds at book #34520, page #342 and recorded on September 1, 2004, in exchange for the purchase price.

PURCHASE PRICE:

Four Million One Hundred Thousand Dollars (\$4,100,000).

is to be paid in no less than quarterly installments of over the period of 36 months. (Payment Schedule Attached).

INTEREST: at the rate of -0- % shall accrue (monthly) on the unpaid balance during the first 12 months. After 12 months the remaining balance will accrue at 10 %, compounding monthly.

CLOSING DATE: Closing Date shall be on or before July 10, 2006 at the office of the SELLER or such other place as is mutually agreed to by the parties, at

which time the documents shall be executed and the SELLER's assignment shall be transferred to the BUYER.

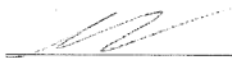
BUYERS RESPONSIBILITY & SELLERS COOPERATION:

The BUYER, CL and M, Inc hereby assumes all collection responsibility including all costs and liabilities for the collection activities in pursuit of said Writ of Attachment, and the SELLER hereby agrees to cooperate with the BUYER, its attorneys and/or legal proceedings necessary in such pursuit. However, BUYER shall reimburse SELLER for any expenses, incurred by SELLER, associated with such cooperation.

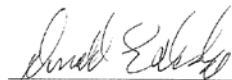
REPRESENTATIONS AND OBLIGATIONS: All representations, statements, and agreements between the parties are merged in this Purchase and Sale Agreement. This agreement is entered into by each party after opportunity for investigation, neither party relying on any statements or representations not embodied in this agreement, made by the other or on his behalf.

This Agreement, dated this 10th day of July, 2006 shall be binding upon the heirs, executors, administrators and assigns of both parties.

Financial Resources and Assistance
of the Lakes Region Inc., SELLER


Scott D. Farah, President
Authorized

CL and M, Inc., BUYER


Donald E. Dodge, President
Authorized

Financial Resources Mortgage, Inc.

Purchase and Sale Payment Record: Boston Hill

✓ T/and B/Sal SHE
Agree - Serial II

Purchase and Sale Payment Record

Date	Amount Paid	Method of Payment (Check #, Wire, etc.)
7/14/05	100,000 //	✓
7/22/05	150,000 //	✓
7/25/2005	50,000 //	✓
Aug 9 2005	50,000 //	✓
8/15/05	100,000 //	✓
9/1/2005	160,000 //	✓
9-7-05	150,000 //	✓
9-14-05	50,000 //	✓
9/24/05	50,000 //	✓
9-27-05	100,000 //	✓
9/30/05	100,000 //	✓
10-1-05	200,000 //	✓
10/5/05	100,000 //	✓
10/11/05	50,000 //	✓
Oct 13, 05	100,000 //	✓
10/18/05	125,000 //	✓
Oct 25 2005	60,000 //	✓
11-2-05	100,000 //	✓
Nov 7-05	125,000 //	✓
11/14/05	40,000 //	✓

11/10/27, 2005	40,000 //	✓	WIRE
11/29/05	30,000 //	✓	WIRE
12/8/05	100,000 //	✓	WIRE
12/15/05	100,000 //	✓	WIRE
12-22-06	50,000 //	✓	WIRE
1-7-06	100,000 //	✓	WIRE
3/14/06	50,000 //	✓	WIRE
4/19/06	100,000 //	✓	WIRE
4/25/06	100,000 //	✓	WIRE
5/3/06	100,000 //	✓	WIRE
5/5/06	250,000 //	✓	WIRE
5-10-06	100,000 //	✓	WIRE
5-11-06	300,000 //	✓	WIRE
5-19-06	150,000 //	✓	WIRE
6/1/06	200,000 //	✓	WIRE
6-9-06	100,000 //	✓	WIRE
6/16/06	100,000 //	✓	WIRE
6/29/06	250,000 //	✓	WIRE

Financial Resources Mortgage, Inc.

Assignment of Attachment/Lien: Gary Coyne

Assignment of Attachment /Lien

FOR VALUE RECEIVED, Financial Resources & Assistance of the Lakes Region Inc.
("Assignor"), with an address of
15 Northview Drive, Meredith, NH 03253


HOLDER OF: An Assignment from [REDACTED] of a
recorded Real Estate Lien (Writ of Attachment) on Property
Known As Boston Hill Project, Westborough Massachusetts.

DATED: August 30, 2004

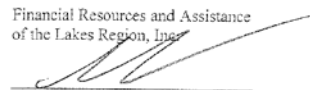
RECORDED: Worcester County Registry of Deeds at Book # 34520 Page # 342
Recorded Date of: September 1, 2004.

HEREBY RE-ASSIGNS THIS WRIT OF ATTACHMENT TO: CL and M, Inc., a
Nevada Corporation ("Holder" "Assignee"), with a New Hampshire office address of
P.O. Box 7603, Gilford, NH 03247.

WITNESS MY HAND this 10th day of July 2005.


Witness

Financial Resources and Assistance
of the Lakes Region, Inc.


By: Scott D. Farah, President
Duly Authorized

Financial Resources Mortgage, Inc.

Dodge Confirmation Letter for 2006

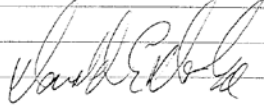
wa 3/12/07
KK-1

CLM Inc 12/27 Donald E. Dodge Donald +
Dane

as of 12/31/06.

Financial Resources obligated to CLM Inc. to

FRA Guaranty of A.B. of CLM Inc. to

3/12/07 

Note: we met the individual person @ FRA at 12/12/06.
Individual confirmed in front of Scott Hume and signed the above.
The above was done to expedite completion of the report and audit.

Financial Resources Mortgage, Inc.

Dodge Confirmation Letter for 2007

FINANCIAL RESOURCES NATIONAL, INC.

15 Northview Dr. • P.O. Box 1158 • Meredith, NH 03253
(603) 279-1133 • Fax (603) 279-5912
www.frnational.com

KK-2

February 22, 2008

CL & M, Inc.
Dodge Dodge
P.O. Box 1633
Meredith, NH 03253

Our auditors, Connor & Associates, P.C. are conducting an audit of our financial statements for the year ended December 31, 2007. As part of the examination, they are requesting that you confirm certain information. We have indicated to them that the amounts that have been advanced or financing transactions that occurred have been conducted with Financial Resources National, Inc. in an agent relationship only. Please confirm the following:

1. Financial Resources National, Inc. is not obligated in any way to repay any advances that have been made during the year ended December 31, 2007.
2. There is no outstanding amount(s) due you from Financial Resources National, Inc. as of December 31, 2007.
3. Financial Resources National, Inc. has not guaranteed or provided additional collateral or security for transactions that have occurred and the Company was not contingently liable in any way as of December 31, 2007.
4. Financial Resources National, Inc. has not issued or promised to issue stock in the Company and is not conditionally obligated to issue notes payable or share of stock.

Please indicate in the space provided below whether the above is in agreement with your records. If it is not, please furnish our auditors any information you may have that will explain your agreement with the Company.

After signing and dating your reply, please mail it directly to Connor & Associates, P.C. in the enclosed return envelope.

Sincerely,



Scott Farah, President

Financial Resources National, Inc.

To: Connor & Associates, P.C.

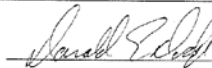
The above information regarding the transactions involving Financial Resources National, Inc. agrees with our records at December 31, 2007 with the following exceptions (if any):

NO N/A

If there are any direct or contingent liabilities to you, please list:

NO N/A

Signature:



Title:

President

Date:

3/4/08

CL AND M, INC.
P.O. BOX 1633
MEREDITH, NH 03253

Financial Resources Mortgage, Inc.

Dodge Confirmation Letter for 2008

FINANCIAL RESOURCES MORTGAGE, INC. *KK-2*

15 Northview Dr. • P.O. Box 1158 • Meredith, NH 03253

Phone (603) 279-1133 • Fax (603) 279-5912

www.frmortgageinc.com

March 11, 2009

CL & M, Inc.
Don Dodge
PO Box 1633
Meredith, NH 03253


Our auditors, Connor & Associates, P.C. are conducting an audit of our financial statements for the year ended December 31, 2008. As part of the examination, they are requesting that you confirm certain information. We have indicated to them that the amounts that have been advanced or financing transactions that occurred have been conducted with Financial Resources Mortgage, Inc. in an agent relationship only. Please confirm the following:

1. Financial Resources Mortgage, Inc. is not obligated in any way to repay any advances that have been made during the year ended December 31, 2008.
2. There is no outstanding amount(s) due you from Financial Resources Mortgage, Inc. as of December 31, 2008.
3. Financial Resources Mortgage, Inc. has not guaranteed or provided additional collateral or security for transactions that have occurred and the Company was not contingently liable in any way as of December 31, 2008.
4. Financial Resources Mortgage, Inc. has not issued or promised to issue stock in the Company and is not conditionally obligated to issue notes payable or share of stock.

Please indicate in the space provided below whether the above is in agreement with your records. If it is not, please furnish our auditors any information you may have that will explain your agreement with the Company.

After signing and dating your reply, please mail it directly to Connor & Associates, P.C. in the enclosed return envelope.

Sincerely,


Scott Farah, President
Financial Resources Mortgage, Inc. ✓

To: Connor & Associates, P.C.

The above information regarding the transactions involving Financial Resources Mortgage, Inc. agrees with our records at December 31, 2008 with the following exceptions (if any):

None
If there are any direct or contingent liabilities to you, please list:

Signature: *Don Dodge*

Title: *Don Dodge*

Date: *2/13/09*

Financial Resources Mortgage, Inc.

Line of Credit and Promissory Note

Between CL and M and Farah 2005



DISCRETIONARY LINE OF CREDIT AGREEMENT AND PROMISSORY NOTE

\$10,000,000

Date: 11/10/05

FOR VALUE RECEIVED, Scott D. Farah, with an address of [REDACTED] Meredith, New Hampshire 03253 (the "Borrower"), promises to pay to the order of CL and M, Inc. of P.O. Box 7603, Gilford, New Hampshire 03247 (the "Lender"), the amount of money advanced by Lender to Borrower hereunder up to the maximum principal sum of TEN MILLION DOLLARS (\$10,000,000), together with interest thereupon at the fixed rate of TEN PERCENT (10 %) per annum, payable as follows:

1. Borrower shall pay interest to the lender or assigns (if loan funds source is third party loan to lender, i.e., bank loan) on the outstanding principal at the rate of TEN percent (10 %) per annum on the outstanding principal balance at least annually by December 31 of each year.

2. Borrower shall make principal payments ON DEMAND.

3. The full amount of principal and accrued interest, together with any late charges, costs, charges, attorney's fees and expenses, shall be due on DEMAND (the "Maturity Date"), TIME BEING OF THE ESSENCE.

NOTWITHSTANDING THE FOREGOING, ALL AMOUNTS OF PRINCIPAL, INTEREST, LATE CHARGES, COSTS, CHARGES, ATTORNEY'S FEES AND EXPENSES SHALL BE DUE AND PAYABLE ON DEMAND OF THE HOLDER OF THIS NOTE.

Borrower and Lender agree that the principal sum shown above is the maximum amount of principal that can be borrowed under this note. The principal amount may be advanced to Borrower by Lender in multiple advances up to the maximum principal sum more than one time. *All advances shall be memorialized by a Note or Notes in Series of the Borrower.*

Lender may make advances to Borrower from time to time until the Maturity Date. Lender may in his/her sole and unfettered discretion refuse to make an advance loan to Borrower under this Line of Credit Agreement at any time.

Advance payments of principal or interest may be made at any time without premium or penalty to the lender or assigns (if loan funds source is a third party loan to lender, i.e., bank loan).

This note is secured by all of Scott Farah's assets, including his interest in any corporations and/or the business life insurance proceeds, including life insurance (to be assigned to CL&M) payable to Jeff Long, VP, or other officer, to settle business debts of Financial Resources and other business activities of Scott Farah), inventory, receivables, tools, and equipment, etc.

All payments shall be made in lawful money of the United States of America.

No delay or omission on the part of the Lender or holder hereof in exercising any right hereunder against the Borrower shall operate as a waiver of such right or of any other right under this note. A waiver on any one occasion against the Borrower shall not be construed as a bar to or a waiver of such right and/or remedy on any future occasion.

The acceptance by the Lender or holder hereof of any payment after any default hereunder shall not operate to extend the time of payment of any amount then remaining unpaid hereunder or constitute a waiver of any rights of the payee or holder hereof under this note.

The Borrower agrees to pay on demand the reasonable fees of an attorney and all costs of collection in the event this note, while in default for any reason, is placed in the hands of an attorney for collection, whether or not foreclosure, setoff, or any other action was then, or is thereafter, instituted, at the discretion of the holder hereof. This right to costs and attorney's fees shall be reciprocal to the extent required by RSA Chapter 361-C.

This note constitutes a New Hampshire contract to be governed by the Laws of the State of New Hampshire. The undersigned hereby waives presentment for payment, demand and protest, notice of demand, protest, dishonor and of non-payment of this note; the liability of the Borrower hereunder shall remain unimpaired notwithstanding (1) any extension of the time of payment or other indulgence granted by the holder hereof, whether the same is granted to the Borrower or any guarantor or endorser of this note, or (2) the release of all or any part of the security of this note or the liability of any party who may be obligated hereon, either now or hereafter.

All notices to be given hereunder shall be given to the parties at the above addresses unless one party notifies the other of a change of address by certified mail, return receipt requested.

In the event any payment is not made when due, this note shall be considered to be in default, there expressly being NO GRACE PERIOD. Breach of any terms, conditions, or covenants contained in the Loan agreement and Security Instrument of even date which secure this note shall constitute a default of this note and give the Lender or holder hereof all rights and remedies created hereby, there expressly being NO GRACE PERIOD.

In the event any payment due hereunder is not paid within ten (10) days of the date it is due, the Lender may assess a late charge equal to FIVE PERCENT (5%) of the overdue payment amount, which late charge Borrower agrees to pay.

IN WITNESS WHEREOF, the Lender and Borrower has caused this Line of Credit Agreement to be executed on the day and year first above written.

BORROWER: Scott D. Farah

LENDER: CL and M, Inc.

Borrower: Scott D. Farah

Authorized: Donald E. Dodge president

Financial Resources Mortgage, Inc.

Note in Series Between CL and M and Farah

NOTE IN SERIES

FOR VALUE RECEIVED, Scott D. Farah, of [REDACTED] Meredith, New Hampshire 03253, herein referred to as Maker or Borrower, promises to pay to the order of CL and M, Inc. of P.O. Box 7603, Gilford, New Hampshire 03247, herein referred to as Payee or Lender, on demand, the sum of 20,348,321.49 Dollars (\$ TWENTY TWO) TOTAL TO DATE with interest thereon at the rate of ___ % payable no less than annually. Any interest balance due at the end of each calendar year shall compound at an additional 1% interest (annual rate) until the date paid.

1. **Series of Notes.** This note is one of a series of notes, all of like tenor, except as to amount, issued and to be issued by Maker, amounting in the aggregate to not more than the principal sum of ~~TEN~~ MILLION DOLLARS (\$10,000,000), as authorized by the Discretionary Line of Credit Agreement and Promissory Note dated June 1, 2005. Said principal and interest are to be paid on demand, however, no later than 120 months commencing from the date of each credit distribution and/or note in series date, whichever is earlier.

2. **Prepayment.** Maker reserves the right at any time to prepay, in whole or in part, the principal or interest owing on any or all of the issued and outstanding notes of this series.

3. **Record of Payments.** Receipt of all payments on account, of principal and interest of this note, made by Maker prior to maturity may be documented by endorsement on the reverse side of this note.

Dated: 11.5.2009

Maker / Borrower: Scott D. Farah

PROMISSORY NOTES IN SERIES - Scott Farah to CL, Inc - 6/1/05

DATE	AMOUNT	DATE	AMOUNT	PD BACK
11/02/09	\$ 25,000.00			
10/29/09	\$ 40,000.00			
10/28/09	\$ 25,000.00			
10/26/09	\$ 20,000.00			
10/23/09	\$ 50,000.00			
10/19/09	\$ 20,000.00			
10/16/09	\$ 80,000.00			
10/02/09	\$ 10,000.00			
10/02/09	\$ 25,000.00			
10/01/09	\$ 60,000.00			
09/28/09	\$ 45,000.00			
09/24/09	\$ 25,000.00			
09/22/09	\$ 50,000.00			
09/18/09	\$ 25,000.00			
09/16/09	\$ 25,000.00			
08/09/09	\$ 52,800.00			
08/10/09	\$ 15,000.00			
09/10/09	\$ 20,000.00			
?	\$ 30,000.00			
09/02/09	\$ 63,000.00			
08/31/09	\$ 35,000.00			
08/27/09	\$ 20,000.00			
08/26/09	\$ 70,000.00			
08/21/09	\$ 20,000.00			
08/19/09	\$ 30,000.00			
08/14/09	\$ 60,000.00			
08/12/09	\$ 25,000.00			
08/10/09	\$ 25,000.00			
08/05/09	\$ 30,000.00			
07/31/09	\$ 25,000.00			
?	\$ 45,000.00			
07/27/09	\$ 20,215.00			
07/24/09	\$ 30,000.00			
07/23/09	\$ 55,000.00			
07/17/09	\$ 70,000.00			
07/15/09	\$ 50,000.00			
07/10/09	\$ 30,000.00			
07/08/09	\$ 20,000.00			
07/07/09	\$ 35,000.00			
07/02/09	\$ 40,000.00			
06/26/09	\$ 40,000.00			
06/23/09	\$ 110,857.43			
06/22/09	\$ 145,000.00			
06/19/09	\$ 95,000.00			
06/17/09	\$ 40,000.00			
06/15/09	\$ 30,000.00			
06/05/09	\$ 65,000.00			
05/27/09	\$ 70,000.00			
05/21/09	\$ 50,000.00			
05/19/09	\$ 20,000.00			
05/11/09	\$ 25,000.00			
05/04/09	\$ 88,500.00			
04/27/09	\$ 60,000.00			
04/24/09	\$ 81,200.00			
04/24/09	\$ 58,000.00			
04/23/09	\$ 60,000.00			
04/21/09	\$ 30,000.00			

Financial Resources Mortgage, Inc.

Note in Series Between CL and M and Farah

PROMISSORY NOTES IN SERIES - Scott Farah to CL, Inc - 5/1/05

04/20/09	\$	40,000.00
04/15/09	\$	25,000.00
04/10/09	\$	40,000.00
04/06/09	\$	40,000.00
02/06/09	\$	25,000.00
02/03/09	\$	62,000.00
01/20/09	\$	30,000.00
01/18/09	\$	20,000.00
01/13/09	\$	45,000.00
01/07/09	\$	50,000.00
?	\$	72,000.00
12/19/08	\$	20,000.00
?	\$	75,000.00
?	\$	42,000.00
12/15/08	\$	60,000.00
12/05/08	\$	50,000.00
11/19/08	\$	95,000.00
11/16/08	\$	45,000.00
?	\$	103,000.00
10/27/08	\$	30,000.00
09/29/08	\$	30,000.00
09/24/08	\$	50,000.00
09/24/08	\$	50,000.00
09/15/08	\$	30,000.00
09/12/08	\$	35,000.00
09/12/08	\$	30,000.00
09/11/08	\$	50,000.00
08/27/08	\$	70,000.00
08/22/08	\$	30,000.00
08/20/08	\$	60,000.00
08/13/08	\$	25,000.00
08/12/08	\$	15,000.00
08/08/08	\$	60,000.00
08/01/08	\$	30,000.00
07/31/08	\$	51,000.00
07/29/08	\$	48,000.00
07/25/08	\$	40,000.00
07/22/08	\$	50,000.00
07/17/08	\$	50,000.00
07/06/08	\$	60,000.00
07/01/08	\$	50,000.00
06/12/08	\$	120,000.00
06/13/08	\$	20,000.00
06/13/08	\$	90,000.00
06/04/08	\$	180,000.00
05/20/08	\$	120,000.00
05/20/08	\$	25,000.00
05/13/08	\$	20,000.00
05/09/08	\$	30,000.00
05/05/08	\$	45,000.00
04/29/08	\$	55,000.00
04/24/08	\$	60,000.00
04/09/08	\$	50,000.00
03/28/08	\$	100,000.00
03/24/08	\$	50,000.00
03/20/08	\$	8,000.00

PROMISSORY NOTES IN SERIES - Scott Farah to CL, Inc - 5/1/05

03/20/08	\$	20,000.00
03/08/08	\$	80,000.00
03/03/08	\$	75,000.00
02/01/08	\$	42,500.00
02/15/08	\$	50,000.00
02/08/08	\$	125,000.00
01/31/08	\$	75,000.00
01/25/08	\$	40,000.00
12/31/07	\$	240,000.00
12/27/07	\$	50,000.00
12/21/07	\$	25,000.00
12/05/07	\$	160,000.00
12/04/07	\$	175,250.00
11/30/07	\$	20,000.00
11/16/07	\$	25,000.00
11/12/07	\$	10,000.00
11/12/07	\$	30,000.00
11/09/07	\$	100,000.00
11/01/07	\$	81,500.00
10/30/07	\$	80,000.00
10/25/07	\$	20,000.00
10/18/07	\$	100,000.00
10/11/07	\$	30,000.00
10/02/07	\$	50,000.00
10/01/07	\$	25,000.00
09/27/07	\$	25,000.00
09/19/07	\$	25,000.00
09/11/07	\$	100,000.00
09/23/07	\$	50,000.00
08/23/07	\$	25,000.00
08/20/07	\$	20,000.00
08/07/07	\$	40,000.00
08/03/07	\$	1,000,000.00
07/30/07	\$	50,000.00
07/25/07	\$	45,000.00
07/19/07	\$	23,088.00
07/17/07	\$	22,000.00
07/17/07	\$	50,185.00
07/14/07	\$	50,000.00
07/06/07	\$	45,000.00
07/05/07	\$	300,000.00
06/27/07	\$	50,000.00
05/25/07	\$	25,000.00
05/23/07	\$	45,000.00
04/26/07	\$	75,000.00
03/21/07	\$	400,000.00
03/20/07	\$	50,000.00
03/16/07	\$	109,000.00
?	\$	56,000.00
?	\$	125,000.00
?	\$	155,000.00
?	\$	20,000.00
?	\$	105,000.00
?	\$	35,000.00
02/28/07	\$	70,000.00
?	\$	270,000.00
01/07/07	\$	50,000.00

Financial Resources Mortgage, Inc.

Note in Series Between CL and M and Farah

PROMISSORY NOTES IN SERIES - Scott Farah to CL, Inc - 6/1/05

?	\$	56,000.00
01/07/07	\$	83,000.00
01/07/07	\$	50,000.00
12/22/06	\$	106,000.00
?	\$	10,000.00
?	\$	35,000.00
11/21/06	\$	75,000.00
10/11/06	\$	100,000.00
08/23/06	\$	47,000.00
08/22/06	\$	27,000.00
08/17/06	\$	24,000.00
08/17/06	\$	50,000.00
08/16/06	\$	15,000.00
08/15/06	\$	3,000.00
08/14/06	\$	23,000.00
08/14/06	\$	20,000.00
08/09/06	\$	50,000.00
08/02/07	\$	17,000.00
07/31/06	\$	36,886.00
07/17/06	\$	47,000.00
?	\$	40,000.00
06/29/06	\$	250,000.00
06/16/06	\$	100,000.00
06/09/06	\$	100,000.00
06/01/06	\$	200,000.00
06/22/06	\$	150,000.00
06/11/06	\$	300,000.00
06/11/06	\$	47,812.00
05/10/06	\$	100,000.00
05/09/06	\$	68,200.00
05/09/06	\$	36,550.00
05/09/06	\$	200,000.00
05/03/06	\$	180,000.00
05/02/06	\$	29,000.00
06/05/06	\$	250,000.00
06/03/06	\$	100,000.00
04/28/06	\$	50,000.00
04/25/06	\$	10,000.00
04/25/06	\$	155,000.00
04/18/06	\$	100,000.00
04/13/06	\$	50,000.00
04/07/06	\$	100,000.00
03/28/06	\$	27,000.00
03/28/06	\$	23,000.00
03/28/06	\$	33,000.00
03/21/06	\$	350,000.00
03/21/06	\$	225,000.00
03/17/06	\$	25,000.00
03/01/06	\$	4,500.00
01/13/06	\$	175,000.00
01/13/06	\$	280,000.00
01/13/06	\$	145,000.00
01/12/06	\$	430,000.00
01/12/06	\$	317,000.00
12/22/05	\$	50,000.00
12/14/06	\$	100,000.00
12/03/06	\$	100,000.00
11/29/06	\$	50,000.00
11/27/06	\$	40,000.00

PROMISSORY NOTES IN SERIES - Scott Farah to CL, Inc - 6/1/05

11/14/06	\$	40,000.00
11/04/06	\$	125,000.00
11/02/06	\$	100,000.00
10/25/06	\$	50,000.00
10/17/06	\$	125,000.00
10/12/06	\$	100,000.00
10/11/06	\$	50,000.00
10/06/06	\$	100,000.00
10/05/06	\$	70,000.00
10/03/06	\$	200,000.00
10/03/06	\$	815,000.00
09/30/06	\$	100,000.00
09/28/06	\$	100,000.00
09/22/06	\$	50,000.00
09/16/06	\$	50,000.00
09/13/06	\$	150,000.00
09/06/06	\$	180,000.00
09/01/06	\$	146,000.00
08/25/06	\$	100,000.00
08/25/06	\$	50,000.00
08/15/06	\$	50,000.00
08/04/06	\$	50,000.00
07/22/06	\$	150,000.00
07/15/06	\$	100,000.00
07/08/06	\$	330,000.00
07/05/06	\$	200,000.00
06/30/06	\$	200,000.00
06/27/06	\$	70,000.00

\$ 20,348,321.43

Financial Resources Mortgage, Inc.

Balance Sheet With Added Liabilities

Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Assets	\$415,191	\$884,463	\$1,694,412	\$1,598,306	\$1,705,138	\$1,577,203	\$2,350,868	\$1,051,535	\$665,172	\$666,275
Current Liabilities	\$230,318	\$642,203	\$1,164,679	\$758,681	\$772,081	\$687,247	\$1,303,711	\$286,911	\$382,554	\$362,399
Notes Payable, Related Parties	\$24,309	\$57,459	\$55,501	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$218,913	\$18,618	\$18,618
Stockholder Equity	\$160,564	\$184,801	\$474,232	\$839,625	\$933,057	\$889,956	\$1,047,157	\$545,711	\$264,000	\$285,258
Borrowed from CL&M							\$4,156,000	\$5,407,028	\$4,958,021	\$2,917,99
Revenue	\$3,059,985	\$2,379,214	\$3,255,469	\$3,131,903	\$3,797,427	\$5,068,304	\$8,114,115	\$7,119,541	\$6,025,220	\$5,482,193
Operating Expenses	\$3,027,975	\$2,429,554	\$3,226,383	\$2,717,478	\$3,740,404	\$5,006,777	\$7,468,417	\$7,164,647	\$5,643,812	\$5,451,798
Net Income	\$30,949	\$2,517	\$85,784	\$534,713	\$159,752	\$123,219	\$385,367	\$302,374	\$249,789	\$21,258

- Borrowed From CL & M in 2009 = \$2,909,372
- Total Borrowed from CL & M 2005-2009 = \$20,348,321.43
 - Confirmed in excess of \$7,000,000 was sent from CL and M to FRM through wire transfers from 2005-2008.