



Where You Always Get Today's Lowest Rates

POWDER HOUSE MORTGAGE COMPANY

775 Broadway, Somerville, MA 02144 (617) 666-8555 (617) 531-2010

Mass Lender License: ML0147 Mass. Broker License: MB1155

REQUIRED DISCLOSURES FOR YOUR MORTGAGE APPLICATION

INSTRUCTIONS: please print out and sign the collected disclosures included in this package as listed below. Please include the signed forms with the Required Documents. If there is more than one party to this agreement, only ONE party must sign these documents at origination. Both parties must sign the documents at closing.

Summary of Attached Documents

Attached to this addendum, you should find the following documents, which are required before we can submit your application:

Summary of Underwriting Standards and Consumer Lending Guidelines This is a detailed explanation of how our lending decisions are made. Please read the attached summary of underwriting standards and consumer lending guidelines and indicate that you have received and read this document by initialing this statement

Borrower's Certification and Authorization Form This form gives us the authority to check your credit, obtain information about you from your landlord, employer, financial institutions, and creditors, as this information may be applicable to your mortgage application ONLY.

Transfer of Service Notification The purpose of this form is to certify that you have been informed that PHMC resells the mortgages it negotiates, and the terms and conditions under which such sales are conducted.

Mortgage Fee and Compensation Disclosure The purpose of this form is to disclose to you how PHMC receives compensations from investors and how that compensation may affect the cost, terms and conditions of your mortgage agreement.

Rate Lock Acknowledgement This form provides information with respect to the terms and conditions under which we handle rate locks for loans in process.

Comprehensive Privacy Policy Statement in accordance with the requirements of the Graham Leach Bliley Privacy Act of 2000.

IRS FORM 4506 This form is required if you are required to submit tax returns as part of your application. The 4506 gives us the right to have possession of your tax returns, and to compare the returns you have given us with the ones you have submitted to the Internal Revenue Service. (This form is not included in this package, but you can download the PDF version from our web site.)



Where You Always Get Today's Lowest Rates

POWDER HOUSE MORTGAGE COMPANY

775 Broadway, Somerville, MA 02144 (617) 666-8555 (617) 531-2010

Mass Lender License: ML0147 Mass. Broker License: MB1155

Addendum to the Mortgage Application: General Affirmations

Instructions: Please initial each of the following statements to indicate that you have read and understand the statement

1. Credit Report Fee

The undersigned agree to reimburse Powder House Mortgage Company for the cost of securing a credit report on our behalf. We understand that the cost of the credit report is up to \$40 for married couples and up to \$40 each for unmarried couples and other co-borrowers. We understand that we have the right to review and to challenge the credit report if we feel that it is incorrect in any of its particulars, but that PHMC is not responsible for the content of the report and is not a credit repair agency and is not responsible for facilitating the correction of any errors that may be found in the report. _____

2. Residential Appraisal Report

The undersigned agree to reimburse Powder House Mortgage for the cost of the residential appraisal report required to complete this transaction. This fee is currently \$250 for single-family homes and \$450 for multi-family homes, unless you have been informed otherwise. We understand that actual fee will be based on the actual costs for these reports and is non-refundable under any circumstances. We understand that if we are applying for a no points / no closing cost program that this money is not part of the closing costs and will not be refunded or credited at the time of closing unless a prior agreement has been made in writing to that effect. We understand that we have a right to obtain a complete copy of the appraisal report. _____

3. Legal Representation

As the lender, Powder House Mortgage is allowed to require the use of specific attorneys, real estate appraisers and credit reporting agencies in conjunction with the completion of this mortgage loan. The undersigned hereby acknowledge that the responsibility of the attorney engaged under the terms of our mortgage agreement is to protect the interest of the mortgagee (the lending institution) and that the mortgagor (the borrower) may engage another attorney at their own expense to represent them in the transaction. Borrowers may not use their own attorneys to close loans made by PHMC. _____

4. Proposed Interest Rate

The proposed note rate for this transaction is: _____% (Please insert the rate to which you have agreed. If the rate is not correct, this form becomes invalid, null and void.) The note rate is the interest rate that you will pay on this loan. _____

5. Expiration Date of This Note

The approximate expiration date of this note is: _____. (Please insert the date to which you have agreed. If the rate is not correct, this form becomes invalid, null and void.) If this is a "balloon" note, the mortgagee may demand payment of the outstanding balance or may, by agreement, allow payments to be made on the outstanding balance at the same, a greater, or a lesser rate of interest. _____

6. Equal Credit Opportunity Notice

The Federal Equal Credit Opportunity Act and comparable provisions of Massachusetts law prohibit creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract); or because all or part of the applicant's income derives from any public assistance program. The Federal Equal Credit Opportunity Act also prohibits creditors from discriminating against credit applicants because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with the Federal law concerning this creditor is the Federal Trade Commission, Equal Credit Opportunity, Washington, DC 20580. The State agency that administers compliance with the state law is the Massachusetts Commission Against Discrimination, One Ashburton Place, Boston, MA 02180. _____

Borrower

Date

Co-borrower

Date



Where You Always Get Today's Lowest Rates

POWDER HOUSE MORTGAGE COMPANY

775 Broadway, Somerville, MA 02144 (617) 666-8555 (617) 531-2010

Mass Lender License: ML0147 Mass. Broker License: MB1155

Summary of Underwriting Standards and Consumer Lending Guidelines

We are frequently asked how we make our lending decisions. The following summary will help you to understand the process.

Definitions:

Gross Monthly Income: is the total income before taxes. GMI must be documented with pay stubs, tax returns or other verifiable proof of income.

Front End Ratio or Housing Expense to Income Ratio is the ratio of the total of the principal, interest, taxes and insurance on the subject property divided by the borrowers' gross monthly income.

Back End Ratio or Debt to Income Ratio is the total of direct housing expense plus the minimum monthly payments on all installment and revolving debt divided by the gross monthly income.

Down Payment The down payment is the amount that you are putting down on the property, which may come from savings, gifts, second mortgages and other sources, all of which must be disclosed at the time of application.

Good Credit Requirements: In order to qualify for a regular loan, borrowers must have good credit, good payment histories on all obligations, no bankruptcies or foreclosures during the past four years, a two year history of stable employment, and a gross monthly income that is deemed sufficient to support the mortgage payments required under the terms of the note.

Loan Amounts: FNMA and FHLMA (both of which are federally chartered corporations, not government agencies) set conforming mortgage loan guidelines for one to four family homes. These guidelines determine how much we can lend at "conforming rates", which are generally $\frac{1}{4}$ to $\frac{3}{8}$ ths of a point lower than non-conforming or jumbo rates.

Down Payments: While it is not required that a borrower make a down payment when purchasing a property, it should be understood that if a borrower is making a down payment, at least five percent of the purchase price must come from the borrower's own funds, which is defined as funds that can be documented as being in the borrower's possession for at least four months.

Type of Structure: Residential mortgage guidelines cover condominiums and 1-4 family properties. Properties with more than four units, and mixed-use properties are not considered residential properties and fall under commercial mortgage guidelines.

Owner-Occupancy: Our rates are based on owner-occupied properties, which are defined as a property to be occupied by at least one of the borrowers. If none of the borrowers shall occupy the subject property, then that property must be treated as an investment property, for which different rates and terms apply.

Appraisal Requirement: An appraisal is required on all properties. Properties must be complete, intact, and in occupy-able condition.

Condominium Eligibility: In order to be eligible for a conforming mortgage, the unit must be in a development that is at least 60% owner-occupied, and no more than 10% of the units can be owned by any one entity. Exceptions may be available for new developments and conversion projects.

Escrows: All of PHMC's mortgage programs require the borrower to escrow taxes and insurance. There is an additional fee for waiving the escrow requirement.

Mortgage Insurance: Private mortgage insurance from an approved mortgage insurance provider is required on all mortgages where the loan to value ratio exceeds 80%. By federal law, the investor must release the borrower from the insurance requirement when the loan to value ratio falls below 80%. You can avoid mortgage insurance by using a combination or piggy back loan in which the first mortgage is 80% or less and the second mortgage provides up to 15% toward the purchase price.

Title Insurance: Lender's Title Insurance is required on all mortgage loans. Title insurance protects the lender from harm should there be an imperfection in the title. All closing costs estimates should include the cost of Lender's Title Insurance. Owner's Title Insurance is also available at additional cost. This insurance protects you in the event that imperfection is discovered in the title. We do not require borrowers to secure owner's title insurance, but we strongly encourage you to consider doing so. We do not sell owner's title insurance, but it may be obtained from your closing attorney.

Flood Insurance: If FEMA (The Federal Emergency Management Agency) has determined that your property lies in a flood plain, you will be required to obtain flood insurance at your own expense. This expense is not covered by PHMC in a no closing cost transaction, nor is this expense included in our closing cost summary.

Occupancy Permits: On all new construction, you must obtain an occupancy permit from the city or town where the subject property is located before you can close your loan.

Sanitary Code Compliance: Whenever a property changes hands, you must secure a certificate of compliance that indicates that the sanitary facilities meet code requirements for the city or town where the property is located and, furthermore, that the property meets the state's Title 5 requirements for septic systems.

Lead Paint Certification: All property owners are required to make certain that their properties meet the requirements of any lead paint laws in your locality for those properties where children under six will occupy. Civil and criminal penalties exist for violations of these statutes. This is especially important to investors purchasing or refinancing rental property. You will need a lead paint inspection report to prove that lead paint is not an issue prior to closing any loan with PHMC.

Please visit our web site to learn more about these issues. Visit the download area to secure additional materials designed for help you understand the mortgage process.



Where You Always Get Today's Lowest Rates

POWDER HOUSE MORTGAGE COMPANY

775 Broadway, Somerville, MA 02144 (617) 666-8555 (617) 531-2010

Mass Lender License: ML0147 Mass. Broker License: MB1155

BORROWER'S CERTIFICATION & AUTHORIZATION (FORM 1097) (TIME SAVER PLUS DOCUMENTATION PROGRAM)

Certification

The undersigned certify the following:

- A. I/we have applied for a mortgage loan from Powder House Mortgage Co. In applying for the loan, I/we have completed a loan application containing various information on the purposes of the loan, the amount and source of down payment, employment and income information, and assets and liabilities. I/we certify that all of the information is true and complete. I/we made no misrepresentations in the loan application or other documents, nor did I/we omit any pertinent information.
- B. I/we understand that Powder House Mortgage Co. Reserves the right to change the mortgage loan review process to a full documentation program. This may include verifying the information provided on the application with the employer and/or financial institution.
- C. I/we fully understand that it is a federal crime punishable by a fine or imprisonment, or both, to knowingly make any false statements when applying for this mortgage, as applicable under the provisions of title 18, united states code, section 1014.

Authorization to Release Information

To whom it may concern:

- A. I/we have applied for a mortgage loan from Powder House Mortgage Co. As part of the application process, Powder House Mortgage Co. and the mortgage insurer (if any), may verify information contained in my/our loan application and in other documents required in connection with the loan, either before the loan is closed or as part of its quality control program.
- B. I/we authorize Powder House Mortgage Co. and to any investor to whom Powder House Mortgage Co. may sell my mortgage, and to the mortgage guaranty insurer (if any), any and all information and documentation that they may request. Such information includes, but is not limited to, employment history and income; bank, money market, and similar account balances; credit history; and copies of income tax returns.
- C. Powder House Mortgage Co. or any investor that purchases the mortgage, or the mortgage guaranty insurer (if any), may address this authorization to any party named in the loan application.
- D. A copy of this authorization may be accepted as an original.
- E. Your prompt reply to Powder House Mortgage Co., the investor that purchased the mortgage, or the mortgage guaranty insurer (if any) is appreciated.
- F. Mortgage guaranty insurer (if any): To be determined

Borrower	Date	social security number
----------	------	------------------------

Borrower	Date	social security number
----------	------	------------------------



Where You Always Get Today's Lowest Rates

POWDER HOUSE MORTGAGE COMPANY

775 Broadway, Somerville, MA 02144 (617) 666-8555 (617) 531-2010
Mass Lender License: ML0147 Mass. Broker License: MB1155

TRANSFER OF SERVICING DISCLOSURE STATEMENT

Notice to mortgage loan applicants: the right to collect your mortgage loan payments may be transferred. Federal law gives you certain rights. Read this statement and sign it only if you understand its contents.

Because you are applying for a mortgage loan covered by the Real Estate Settlement Procedures Act (RESPA) (12 U.S.C. &2601 et se.) you have certain rights under that Federal law. This statement tells you about those rights. It also tells you what the chances are that the servicing for this loan may be transferred to a different loan servicer. "Servicing" refers to collecting your principal, interest and escrow account payments. If your loan servicer changes, there are certain procedures that must be followed. This statement generally explains those procedures.

Transfer Practices and Requirements: If the servicing of your loan is assigned, sold, or transferred to a new servicer, you must be given written notice of that transfer. The present loan servicer must send you notice in writing of the assignment, sale or transfer of the servicing not less than 15 days before the date of the transfer. The new loan servicer must also send you notice within 15 days after the date of the transfer. Also, a notice of prospective transfer may be provided to you at settlement (when title to your new property is transferred to you) to satisfy these requirements. The law allows a delay in the time (not more than 30 days after a transfer) for servicers to notify you under certain limited circumstances, when your servicer is changed abruptly. This exception applies only if your servicer is fired for cause, is in bankruptcy proceedings, or is involved in a conservatorship or receivership initiated by a Federal agency.

Notices must contain certain information. They must contain the effective date of the transfer of the servicing of your loan to the new servicer, the name, address, and toll-free or collect call telephone number of the new servicer, and toll-free or collect call telephone numbers of a person or department for both your present servicer and your new servicer to answer your questions about the transfer of servicing. During the 60-day period following the effective date of the transfer of the loan servicing, a loan payment received by your old servicer before its due date may not be treated by the new loan servicer as late, and a late fee may not be imposed on you.

Complaint Resolution: Section 6 of RESPA (12 U.S.C. &2605) gives you certain consumer rights, whether or not your loan is transferred. If you send a "qualified written request" to your loan servicer concerning the servicing of your loan, your servicer must provide you with a written acknowledgement within 20 business days of receipt of your request. A "qualified written request" is a written correspondence, other than notice on a payment coupon or other payment medium supplied by the servicer, which includes your name and account number, and your reasons for the request. Not later than 60 business days after receiving your request, your servicer must make any appropriate corrections to your account, and must provide you with a written clarification regarding any dispute. During this 60-day period, your servicer may not provide information to a consumer reporting agency concerning any overdue payment related to such period or qualified written request.

Damages and Costs: Section 6 of RESPA also provides for damages and costs for individuals or classes of individuals in circumstances where servicers are shown to have violated the requirements of that Section.

Servicing Transfer Estimates by Original Lender: For all loans that we make in the 12 month period after your loan is funded, we estimate that the chances that we will transfer the servicing of the loan at 75% to 100%:

This is our record of transferring the servicing of the loans we have made in the past (Rounded to the nearest quartile) % .25%, 50%, 75% or 100%): '98 100% '99 100% '00 100% '01 100% '02 100% '03 100%

Acknowledgment of Mortgage Loan Application

I/We have read this disclosure form, and understand its contents, as evidenced by my/our signature(s) below.

Borrower

Date

Co-Borrower

Date



Where You Always Get Today's Lowest Rates

POWDER HOUSE MORTGAGE COMPANY

775 Broadway, Somerville, MA 02144 (617) 666-8555 (617) 531-2010
Mass Lender License: ML0147 Mass. Broker License: MB1155

MORTGAGE FEE AND COMPENSATION DISCLOSURE

As a mortgage company, Powder House Mortgage Company, Inc. (PHMC or “the company”) earns its compensation from three sources. A substantial portion of the company’s compensation comes from points (each point is one percent of the loan amount) paid to company by the investors to whom PHMC sells its loans. The remainder of the company’s compensation comes from points paid by you, as the borrower, and from the fees you pay to PHMC for its services.

When you secure a residential mortgage from Powder House Mortgage Company (PHMC or “the company”), PHMC resells your loan to an investor who agrees to provide PHMC with the funds required to cover your mortgage. These funds are provided to PHMC at a discounted wholesale rate, and PHMC then provides these funds to you marked up to the designated retail price. This retail mark-up, together with any additional points, fees or other charges to which you have agreed, constitutes PHMC’s compensation for its services.

In some cases, such as a no closing cost loans, all of our compensation may be paid by the investor. In these cases, you are usually paying a higher interest rate to cover the cost of this compensation. In general, however, PHMC’s compensation is paid in part by the investor and in part by you, as the borrower.

The percentage of our compensation paid by the investor depends upon the interest rate you choose, which is affected by the amount of the loan, the value of the servicing rights in the market place, and the value of other goods and services provided performed on your behalf. When you choose not to pay closing costs, this increases both the interest rate you will pay on your mortgage and the monthly payments you will make on your mortgage. If you wish to decrease the interest rate and the monthly payments, you may choose to pay some or all of the upfront costs including the points, fees and other closing costs in exchange for a lower interest rate and a lower monthly payment.

You may work with us to select the method in which we receive our compensation depending on your financial needs, subject to the investor's loan program requirements and credit underwriting guidelines. In making this decision, you should be aware that the size of the loan will affect your ability to secure a no closing cost loan and the rate you will pay for this option. The estimated amount of our compensation will be itemized on your Good Faith Estimate. The final amount will be disclosed on your HUD- I A or HUD- I A Settlement Statement (880 Series), which you will receive at closing.

Powder House Mortgage Company may be acting as independent contractor and not your agent. If you are unsure of the nature of your relationship, please ask Powder House Mortgage Company for clarification. Powder House Mortgage Company has separate independent contractor agreements with various lenders. While Powder House Mortgage Company seeks to assist you in meeting your financial needs, it does not distribute the products of all lenders or investors in the market and cannot guarantee the lowest price or best terms available in the market. Your signature below indicates that you have read and understand this document. By your signature you also acknowledge that you have received a copy of this document.

Borrower

Date

Co-Borrower

Date



Where You Always Get Today's Lowest Rates

POWDER HOUSE MORTGAGE COMPANY

775 Broadway, Somerville, MA 02144 (617) 666-8555 (617) 531-2010

Mass Lender License: ML0147 Mass. Broker License: MB1155

RATE LOCK CONFIRMATION AND ACKNOWLEDGEMENT

Please sign this section if you have decided not to lock in a rate at application

When you are floating your loan, this means that you have NOT locked into an interest rate. The following terms and conditions apply to floating loans ONLY. Once a loan is in process, interest rates may only be locked Monday – Friday between 12:00PM and 4:30 PM. If you do not lock in the rate on your own initiative, the interest rates will be locked-in automatically in accordance with your instructions by the close of business five (5) business days prior to closing. The terms and conditions specified below for locked loans also apply to floating loans when they are subsequently locked. By signing here, you are acknowledging that, until you lock in your rate, interest rates fluctuate on a daily basis and cannot be guaranteed without locking in the rate, and therefore your final rate may be the same, higher or lower than the current rate. Note that not all programs are available from all investors and that rates may differ between different investors for the same program. When you lock in on a floating transaction, you MUST use the rates available from the investor with whom your mortgage was underwritten, unless you forfeit the rate lock fee and request that we switch investors.

Borrower	date	Co-Borrower	Date
-----------------	-------------	--------------------	-------------

Please Sign Here If You Are Locking In Your Rate At Application

By signing here, you are acknowledging that, when you lock in a rate, you are entering into an agreement to accept a mortgage loan under the terms and conditions specified in the rate lock agreement (issued separately). Rate locks are always given at a specific rate for a specific number of days. Once locked, you cannot change the rate lock date, or the number of days for which the loan has been locked. You CAN change the loan amount, interest rate (subject to additional charges for the points, if applicable) You may or may not be able to change the program depending upon the availability of the desired program. All adjustments are made on the basis of either the rates that were applicable when you locked in your original rate or the current rates, whichever is WORSE. Once a rate lock has been initiated, the number of days in the rate lock cannot be extended without an additional fee. If you cannot close within the rate lock period due to the seller's inability to deliver the property, a shortage in closing funds, or your failure to provide required documentation, you may purchase an extension at an additional or, or accept the higher of the rate originally locked or the rate available for the same terms and conditions on the day when the loan must be locked in order to close on the revised schedule.

Once a mortgage loan has been registered with an investor, you can only lock in at the interest rates that offered by the investor with whom your loan is registered. Should you wish to change investors in order to secure a better rate, you are hereby informed that doing so forfeits any guarantee for the delivery of a mortgage loan on a specified date and time and that changing investors may jeopardize your earnest money in a purchase transaction. Powder House Mortgage Company has made no warranty that the company will be able to provide good funds by the closing date of our purchase transactions if you waive the right to execute the original commitment in order to secure a lower rate from a different investor.

Borrower	date	Co-Borrower	Date
-----------------	-------------	--------------------	-------------



Where You Always Get Today's Lowest Rates

POWDER HOUSE MORTGAGE COMPANY

775 Broadway, Somerville, MA 02144 (617) 666-8555 (617) 531-2010
Mass Lender License: ML0147 Mass. Broker License: MB1155

IMPORTANT INFORMATION ABOUT YOUR PRIVACY

Protecting your privacy is important to Powder House Mortgage Company, Inc.. ("Powder House Mortgage Company, Inc." is referred to in this notice as "we", "us" and "our"). We understand that you expect your personal information to be confidential and secure. This notice will help you understand what information we collect about you, how we use it and how we protect it. In addition, this notice describes your right to prevent information from being shared with any affiliates or non-affiliates (under certain circumstances).

A. INFORMATION WE COLLECT

In connection with providing financial products or services to you, we collect nonpublic and personal information ("nonpublic personal information"). *Nonpublic personal information* is information that is not available from a public source. We obtain *nonpublic personal information* about you from the following sources:

- Information we receive from you on applications, loan and account forms;
- Information concerning your transactions with us, our affiliates or others; and
- Information we receive from third parties such as credit bureaus.
-

B. INFORMATION WE DISCLOSE AND WHO WE SHARE IT WITH

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law.

C. FORMER CUSTOMERS

If you close your account(s) with us or you become an inactive customer, we will continue to adhere to the privacy practices described in this notice. In particular, we do NOT sell, trade or barter your personal information to any other company for marketing purposes.

D. OUR SECURITY PROCEDURES

We restrict access to nonpublic personal information about you to our employees, agents and subcontractors who need this information to provide products or services to you. We maintain physical, electronic or procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

E. YOUR CHOICES REGARDING INFORMATION SHARING

We are permitted under law to (and in some cases must) disclose nonpublic personal information to "nonaffiliated third parties" in certain circumstances. For example, we may disclose nonpublic personal information to process your transaction at your request, to control fraud and identity theft, to make certain information a matter of public record such as recording a mortgage, to credit bureaus and to government entities in response to such things as subpoenas. Other than these disclosures which are permitted by law or are authorized and directed by you to process your transaction with us we do not disclose and may not disclose nonpublic personal information without your consent.

I/we have received a copy of this policy in accordance with the requirements of the Graham Leach Bliley Privacy Act of 2000.

Borrower

date

Co-borrower

date