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Mortgage Bankers and Financial Services Since 1978

Div. of Traco Financial Corporation

traco@tracomortgage.com

TRACO MORTGAGE

327 Tilghman Rd. and Rt 50.

Salisbury, MD. 21804

Office: (410) 742-2253

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BORROWER'S CERTIFICATION AND AUTHORIZATION

Certification

The undersigned applicant(s) ("Applicant") hereby certify the following:

- 1) Applicant has applied for a mortgage loan from Traco Financial Corporation and has completed a loan application containing various information including the purpose of the loan, the amount and source of the down payment, employment and income information, and information regarding assets and liabilities. Applicant certifies that all of the information is true and complete: that no misrepresentations have been made in the loan application or other documents: and that no pertinent information has been omitted.
- 2) Applicant understands and agrees that the loan application may be reviewed by an automated underwriting service to assist in the application processing. Applicant authorizes Traco Financial Corporation any Agents and/or Assigns of Traco Financial Corporation, any lender which is considering purchasing from Traco Financial Corporation Applicant's loan or the servicing of the loan, and the automated underwriting service provider to obtain copies of Applicant's credit reports, information regarding Applicant's employment, income, assets and liabilities and other information about Applicant that they may require to process the application or to review a Applicant's loan in connection with a potential sale. Applicant also agrees that the foregoing lenders and automated underwriting services providers may use the information to assess and improve the effectiveness and accuracy of their underwriting procedures and requirements.
- 3) Applicant understand and agrees that the loan application may be selected by Traco Financial Corporation, its Agents and/or Assigns for quality control review which will involve verification of all of the credit information (including employment history, income, bank accounts, and credit references) as well as the property valuation. Applicant agrees to cooperate with Traco Financial Corporation and/or its Assigns or Agents to the extent necessary to accomplish this review, It is understood that the information may be verified with third parties as Applicant's employers, depository institutions or a credit reporting agency..
- 4) Applicant fully understands that it is a Federal crime punishable by fine or imprisonment , or both to knowingly make any false statements when applying for this mortgage loan, as applicable under the provisions of Title 18, United States Code, Section 1014.

Authorization to Release Information

To whom it may concern:

- 1) Applicant understands and agrees that as part of the application process, Traco Financial Corporation may verify information contained in the 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 review.
- 2) Applicant understands and agrees that Traco Financial Corporation , its Agents and/or Assigns may address this Authorization to any party named in the Application and Applicant hereby authorizes any addresses to provide to Traco Financial Corporation , its Agents and/or Assigns, any and all information and documentation requested, including, but not limited to: employment history, income, and benefits account including Social Security; bank, money market, investment and similar account statements, balances or account activity sheets; credit history; copies of income tax returns, liens & judgments and releases.
- 3) A copy of the authorization may be accepted as an original. _____

Notice to Borrower: This is notice to you as required by the Right to Financial Privacy Act of 1978 that HUD/FHA/VA has a right of access to financial records held by financial institutions in connection with the consideration or administration of assistance to you. Financial records involving your transaction will be available to HUD/FHA/VA without further notice or authorization but will not be disclosed or released by this institution to another Governmental Agency or Department without your consent except as required or permitted by law

Date:

Borrower

Social Security Number

____/____/____
Date of Birth

Borrower

Social Security Number

____/____/____
Date of Birth

Borrower

Social Security Number

____/____/____
Date of Birth

PRIVACY ACT NOTICE: This information is to be used by the agency collecting it in determining whether you qualify as a prospective mortgagor or borrower under its program. It will not be disclosed outside the agency without your consent except to your employer(s) for verification of employment and as required and permitted by law. You do not have to give us this information, but if you do not your application for approval as a prospective mortgagor or borrower may be delayed or rejected. The information requested in this form is authorized by Title 38, U.S. C., Chapter 37 (if VA); by 12 U.S.C., Section 1701 et seq. (if HUD/FHA); by 42 U.S.C. Section 1452b (if HUD/CPD); and Title 42, U.S.C., 1471 et seq., or 7 U.S.C. 1921 et seq. (if U.S.D.A., FmHA).

Uniform Residential Loan Application

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

| | |
|--|-------------|
| Borrower | Co-Borrower |
| I. TYPE OF MORTGAGE AND TERMS OF LOAN | |

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

| | |
|---|--|
| II. PROPERTY INFORMATION AND PURPOSE OF LOAN | |
|---|--|

| | | | | | |
|--|--|--------------------------|------------------------------------|---|---|
| Subject Property Address (street, city, state, & ZIP) | No. of Units | | | | |
| Legal Description of Subject Property (attach description if necessary) | Year Built | | | | |
| Purpose of Loan: <input type="checkbox"/> Purchase <input type="checkbox"/> Construction <input type="checkbox"/> Other (explain): <input type="checkbox"/> Refinance <input type="checkbox"/> Construction-Permanent | Property will be: <input type="checkbox"/> Primary Residence <input type="checkbox"/> Secondary Residence <input type="checkbox"/> Investment | | | | |
| <i>Complete this line if construction or construction-permanent loan.</i> | | | | | |
| Year Lot Acquired | Original Cost \$ | Amount Existing Liens \$ | (a) Present Value of Lot \$ | (b) Cost of Improvements \$ | Total (a+b) \$ |
| <i>Complete this line if this is a refinance loan.</i> | | | | | |
| Year Acquired | Original Cost \$ | Amount Existing Liens \$ | Purpose of Refinance | Describe Improvements <input type="checkbox"/> made <input type="checkbox"/> to be made | Cost \$ |
| Title will be held in what Name(s) | | | Manner in which Title will be held | | Estate will be held in: <input type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (show expiration date) |
| Source of Down Payment, Settlement Charges and/or Subordinate Financing (explain) | | | | | |

| | | |
|----------|----------------------------------|-------------|
| Borrower | III. BORROWER INFORMATION | Co-Borrower |
|----------|----------------------------------|-------------|

| | | | | | | | |
|--|---|------------------|-------------|--|--|------------------|-------------|
| Borrower's Name (include Jr. or Sr. if applicable) | | | | Co-Borrower's Name (include Jr. or Sr. if applicable) | | | |
| Social Security Number | Home Phone (incl. area code) | DOB (MM/DD/YYYY) | Yrs. School | Social Security Number | Home Phone (incl. area code) | DOB (MM/DD/YYYY) | Yrs. School |
| <input type="checkbox"/> Married <input type="checkbox"/> Unmarried (include single, divorced, widowed) <input type="checkbox"/> Separated | Dependents (not listed by Co-Borrower) no. ages | | | <input type="checkbox"/> Married <input type="checkbox"/> Unmarried (include single, divorced, widowed) <input type="checkbox"/> Separated | Dependents (not listed by Borrower) no. ages | | |
| Present Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent No. Yrs. | | | | Present Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent No. Yrs. | | | |
| Mailing Address, if different from Present Address | | | | Mailing Address, if different from Present Address | | | |
| <i>If residing at present address for less than two years, complete the following:</i> | | | | | | | |
| Former Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent No. Yrs. | | | | Former Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent No. Yrs. | | | |

| | | |
|----------|-----------------------------------|-------------|
| Borrower | IV. EMPLOYMENT INFORMATION | Co-Borrower |
|----------|-----------------------------------|-------------|

| | | | | | |
|--|--|---|---|--|---|
| Name & Address of Employer <input type="checkbox"/> Self Employed | | Yrs. on this job | Name & Address of Employer <input type="checkbox"/> Self Employed | | Yrs. on this job |
| | | Yrs. employed in this line of work/profession | | | Yrs. employed in this line of work/profession |
| Position/Title/Type of Business | | Business Phone (incl. area code) | Position/Title/Type of Business | | Business Phone (incl. area code) |
| <i>If employed in current position for less than two years or if currently employed in more than one position, complete the following:</i> | | | | | |
| Name & Address of Employer <input type="checkbox"/> Self Employed | | Dates (from-to) | Name & Address of Employer <input type="checkbox"/> Self Employed | | Dates (from-to) |
| | | Monthly Income \$ | | | Monthly Income \$ |
| Position/Title/Type of Business | | Business Phone (incl. area code) | Position/Title/Type of Business | | Business Phone (incl. area code) |
| Name & Address of Employer <input type="checkbox"/> Self Employed | | Dates (from-to) | Name & Address of Employer <input type="checkbox"/> Self Employed | | Dates (from-to) |
| | | Monthly Income \$ | | | Monthly Income \$ |
| Position/Title/Type of Business | | Business Phone (incl. area code) | Position/Title/Type of Business | | Business Phone (incl. area code) |

V. MONTHLY INCOME AND COMBINED HOUSING EXPENSE INFORMATION

| Gross Monthly Income | Borrower | Co-Borrower | Total | Combined Monthly Housing Expense | Present | Proposed |
|---|-----------|-------------|-----------|----------------------------------|-----------|-----------|
| Base Empl. Income* | \$ | \$ | \$ | Rent | \$ | |
| Overtime | | | | First Mortgage (P&I) | | \$ |
| Bonuses | | | | Other Financing (P&I) | | |
| Commissions | | | | Hazard Insurance | | |
| Dividends/Interest | | | | Real Estate Taxes | | |
| Net Rental Income | | | | Mortgage Insurance | | |
| Other (before completing, see the notice in "describe other income," below) | | | | Homeowner Assn. Dues | | |
| | | | | Other: | | |
| Total | \$ | \$ | \$ | Total | \$ | \$ |

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

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

| B/C | Monthly Amount |
|-----|----------------|
| | \$ |
| | |
| | |

VI. ASSETS AND LIABILITIES

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

Completed Jointly Not Jointly

| ASSETS | | Cash or Market Value | Liabilities and Pledged Assets. List the creditor's name, address and account number for all outstanding debts, including automobile loans, revolving charge accounts, real estate loans, alimony, child support, stock pledges, etc. Use continuation sheet, if necessary. Indicate by (*) those liabilities which will be satisfied upon sale of real estate owned or upon refinancing of the subject property. | | |
|---|----|----------------------|---|--------------------------------------|-----------------------------|
| Description | | | LIABILITIES | Monthly Payment & Months Left to Pay | Unpaid Balance |
| Cash deposit toward purchase held by: | \$ | | | | |
| <i>List checking and savings accounts below</i> | | | Name and address of Company | \$ Payment/Months | \$ |
| Name and address of Bank, S&L, or Credit Union | | | Acct. no. | | |
| Acct. no. | \$ | | Name and address of Company | \$ Payment/Months | \$ |
| Name and address of Bank, S&L, or Credit Union | | | Acct. no. | | |
| Acct. no. | \$ | | Name and address of Company | \$ Payment/Months | \$ |
| Name and address of Bank, S&L, or Credit Union | | | Acct. no. | | |
| Acct. no. | \$ | | Name and address of Company | \$ Payment/Months | \$ |
| Name and address of Bank, S&L, or Credit Union | | | Acct. no. | | |
| Acct. no. | \$ | | Name and address of Company | \$ Payment/Months | \$ |
| Stocks & Bonds (Company name/number & description) | | | Acct. no. | | |
| Life insurance net cash value | | | Name and address of Company | \$ Payment/Months | \$ |
| Face amount: \$ | | | Acct. no. | | |
| Subtotal Liquid Assets | | | | | |
| Real estate owned (enter market value from schedule of real estate owned) | | | Name and address of Company | \$ Payment/Months | \$ |
| Vested interest in retirement fund | | | Acct. no. | | |
| Net worth of business(es) owned (attach financial statement) | | | | | |
| Automobiles owned (make and year) | | | Acct. no. | | |
| Other Assets (itemize) | | | Alimony/Child Support/Separate Maintenance Payments Owed to: | \$ | |
| | | | Job-Related Expense (child care, union dues, etc.) | \$ | |
| | | | Total Monthly Payments | \$ | |
| Total Assets a. | | | Net Worth (a minus b) | \$ | Total Liabilities b. |

VI. ASSETS AND LIABILITIES (cont.)

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

| Property Address (enter S if sold, PS if pending sale or R if rental being held for income) | Type of Property | Present Market Value | Amount of Mortgages & Liens | Gross Rental Income | Mortgage Payments | Insurance, Maintenance, Taxes & Misc. | Net Rental Income |
|---|------------------|----------------------|-----------------------------|---------------------|-------------------|---------------------------------------|-------------------|
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | Totals | \$ | \$ | \$ | \$ | \$ | \$ |

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

| | | |
|----------------|---------------|----------------|
| Alternate Name | Creditor Name | Account Number |
|----------------|---------------|----------------|

VII. DETAILS OF TRANSACTION

VIII. DECLARATIONS

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

IX. ACKNOWLEDGEMENT AND AGREEMENT

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

Acknowledgement: Each of the undersigned hereby acknowledges that any owner of the Loan, its servicers, successors and assigns, may verify or reverify any information contained in this application or obtain any information or data relating to the Loan, for any legitimate business purpose through any source, including a source named in this application or a consumer reporting agency.

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

X. INFORMATION FOR GOVERNMENT MONITORING PURPOSES

The following information is requested by the Federal Government for certain types of loans related to a dwelling in order to monitor the lender's compliance with equal credit opportunity, fair housing and home mortgage disclosure laws. You are not required to furnish this information, but are encouraged to do so. The law provides that a lender may not discriminate either on the basis of this information, or on whether you choose to furnish it. If you furnish the information, please provide both ethnicity and race. For race, you may check more than one designation. If you do not furnish ethnicity, race, or sex, under Federal regulations, this lender is required to note the information on the basis of visual observation and surname if you have made this application in person. If you do not wish to furnish the information, please check the box below. (Lender must review the above material to assure that the disclosures satisfy all requirements to which the lender is subject under applicable state law for the particular type of loan applied for.)

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

| | | | |
|---|--|--|------|
| To be Completed by Interviewer This application was taken by: <input type="checkbox"/> Face-to-face interview <input type="checkbox"/> Mail <input type="checkbox"/> Telephone <input type="checkbox"/> Internet | Interviewer's Name (print or type) | Name and Address of Interviewer's Employer | |
| | Interviewer's Signature | | Date |
| | Interviewer's Phone Number (incl. area code) | | |

CREDIT SCORE DISCLOSURE/NOTICE TO THE HOME LOAN APPLICANT

DATE:

LOAN NUMBER:

APPLICANT NO. 1:

APPLICANT NO. 2:

MAILING
ADDRESS:

APPLICANT NO. 1

The credit score of Applicant No. 1 is _____. This credit score was created _____ (Date).

The credit score was provided by: _____ Equifax _____ TransUnion _____ Experian

The following factor(s) adversely affected the credit score of Applicant No. 1: (*Code#)

_____, _____, _____, _____

APPLICANT NO.2

The credit score of Applicant No. 2 is _____. This credit score was created _____ (Date).

The credit score was provided by: _____ Equifax _____ TransUnion _____ Experian

The following factor(s) adversely affected the credit score of Applicant No. 2: (*Code#)

_____, _____, _____, _____

The possible credit scores under the scoring used by Equifax range from a low of 300 to a high of 850.

The possible credit scores under the scoring used by Trans Union range from a low of 395 to a high of 848.

The possible credit scores under the scoring used by Experian range from a low of 375 to a high of 900.

The factors contributing to your credit score are only one of the many factors we use in determining whether or not to grant credit. This notice is not a notice of the action taken on your loan. This notice may or may not contain the reason (s) for our decision on your application. You will receive a formal decision in your application at a later date.

SEE ATTACHED FOR EXPLANATION OF CODES AND ADDRESS AND TELEPHONE NUMBER INFORMATION FOR EQUIFAX, TRANSUNION AND EXPERIAN.

NOTICE

In connection with your application for a home loan, the lender/broker must disclose to you the score that a consumer reporting agency (also known as a credit bureau) distributed to users and the lender/broker used in connection with your home loan, and the key factors affecting your credit scores. The credit score is a computer-generated summary calculated at the time of the request and based on information a consumer reporting agency or lender/broker has on file. The scores are based on the data about your credit history and payment patterns. Credit scores are important because they are used to assist the lender/broker in determining whether you will obtain a loan. They may also be used to determine what interest rate you may be offered on the mortgage. Credit scores can change over time, depending on your conduct, how your credit history and payment patterns change and how credit scoring technologies change. Because the score is based on information in your credit history, it is very important that you review the credit-related information that is being furnished to make sure that it is accurate. Credit records may vary from one company to another. If you have questions about your credit score or the credit information that is furnished to you, contact the consumer reporting agency at the address and telephone number provided with this notice, or contact the lender/broker, if the lender/broker developed or generated the credit score. The consumer-reporting agency plays no part in the decision on a loan application. If you have any questions concerning the terms of the loan, contact the lender/broker.

Please acknowledge your receipt of this Notice by signing below.

Applicant

Date

Applicant

Date

DISCLOSURE NOTICES

| | |
|--------------|------------------|
| Applicant(s) | Property Address |
|--------------|------------------|

AFFIDAVIT OF OCCUPANCY

Applicant(s) hereby certify and acknowledge that, upon taking title to the real property described above, their occupancy status will be as follows:

- Primary Residence-Occupied by Applicant(s) within 30 days of closing.
- Secondary Residence- To be occupied by Applicant(s) at least 15 days yearly, as second home (vacation, etc.), while maintaining principal residence elsewhere. (Please check this box if you plan to establish it as your primary residence at a future date (I.E. retirement).
- Investment Property - Not owner occupied. Purchased as an investment to be held or rented.

The Applicant(s) acknowledge it is a federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements concerning this loan application as applicable under the provision of Title 18, United States Code, Section 1014

APPLICANT _____ CO-APPLICANT _____
 CO-APPLICANT _____ CO-APPLICANT _____

FAIR CREDIT REPORTING ACT

An investigation will be made as to the credit standing of all individuals seeking credit in this application. The nature and scope of any investigation will be furnished to you upon written request made within a reasonable period of time. In the event of denied credit due to an unfavorable consumer report you will be advised of the identity of the Consumer reporting Agency making such report and of right to request within sixty (60)days the reason for the adverse action, pursuant to provisions of section 615(b)of the Fair Credit Reporting Act.

EQUAL CREDIT OPPORTUNITY ACT

The Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on a basis of race, color, religion, national origin, sex, immoral status, age (provided that the applicant has the capacity to enter into a binding contract): because all or part of the applicant's income derives from any public assistance program: or because the applicant has in good faith exercised any right under the consumer Credit Protection Act. Income which you receive as alimony child support or separate maintenance need not disclosed to this creditor unless you choose to rely on such sources to qualify for the loan. Income from these and other sources, including part-time or temporary employment, will not be discounted by this lender because of your sex or marital status. However, we will consider very carefully the stability and probable continuity of any income you disclose to us. The Federal Agency that administers compliance with this law concerning this creditor is FTC 2243-EB Federal Building, 26 Federal Plaza, NY, NY 10278.

FHA LOANS ONLY

IF YOU PREPAY YOUR LOAN ON OTHER THAN THE REGULAR INSTALLMENT DATE, YOU MAY BE ASSESSED INTEREST CHARGES UNTIL THE END OF THAT MONTH.

GOVERNMENT LOANS ONLY

RIGHT TO FINANCIAL PRIVACY ACT OF 1978- This is notice to you as required by the Right to Financial privacy Act of 1978 that the Department of Housing and Urban Development or Department of Veterans Affairs has a right of access to financial records held by a financial Institution in connection with the consideration of administration of assistance to you. Financial records involving your transaction will be available to the Department of Housing and Urban Development or Department of Veterans Affairs without further notice or authorization but will not be disclosed or released to another Government agency or Department without your consent except as required or permitted by law.

EMPLOYMENT CERTIFICATION

An approval for a loan is based upon employment, income and obligations as shown on the loan application. At closing, the applicant and co-applicant/spouse, if applicable, are required to execute a sworn statement affirming that they are currently working as previously reported, have not received notice of layoff nor have knowledge of pending layoff, and that outstanding obligations are substantially the same as reported on the application should a change occur in your employment or financial status prior to loan closing, immediately notify your loan officer, as it will be necessary to obtain approval of any changes.

ANTI-COERCION STATEMENT

The insurance laws of this state provide that the lender may not require the applicant to take insurance through any particular insurance agent or company to protect the mortgaged property. The applicant, subject to the rules adopted by the Insurance Commissioner, has the right to have the Insurance placed with an insurance agent or company of his choice, provided the company meets the requirements of the lender. The lender has the right to designate reasonable financial requirements as to the company and the adequacy of the coverage.

I have read the foregoing statement, or the rules of the Insurance Commissioner relative thereto, and understand my rights and privileges and those of the lender relative to the placing of such Insurance.

I have selected the following agencies to write the insurance covering the property described above.

Insurance Company Name _____ Agent _____
 Agent's Name _____ Agent's Telephone Number _____

FLOOD INSURANCE NOTIFICATION

Federal regulations require us to inform you that the property used as security for this loan is located in an area identified by the U.S. Secretary & Urban Development as having special flood hazards and that in the event of damage to the property caused by flooding in a Federally declared disaster. Federal disaster relief assistance, if authorized, will be available for the property.

At the closing you will be asked to acknowledge your receipt of this information. If you have any questions concerning this notice, kindly contact your loan officer.

IMPORTANT: Please notify your insurance agent that the "loss payee" clause for the mortgagee on both the hazard and flood insurance must read as follows, unless otherwise advised:

The undersigned applicant(s) certify that they have been furnished with the "Settlement Cost Booklet: on this date and, if applicable the booklet "Consumer Handbook on Adjustable Rate Mortgages" (CHARM booklet which was presented to me/us along with the residential loan application form

I/We hereby certify that I/we have read the Notices set forth above and fully understand all of the above.

APPLICANT _____ DATE _____ APPLICANT _____ DATE _____
 APPLICANT _____ DATE _____ APPLICANT _____ DATE _____



www.tracomortgage.com

TRACO MORTGAGE

Mortgage Bankers and Financial Services Since 1978
Div. of Traco Financial Corporation
traco@tracomtgc.com

327 Tilghman Rd. and Rt 50.
Salisbury, MD. 21804
Office: (410) 742-2253
Fax: (410) 742-1308

REQUIRED SERVICE PROVIDER DISCLOSURE

We, the mortgage broker, will require the services of the particular persons or entities listed below and the applicable estimated charges set forth on Estimated Closing cost are based on the charges of these designated providers. There is no affiliate or ownership relationship between the broker and these firms, nor does the broker receive any benefit from referring business to these firms.

We have within the past twelve months repeatedly used or required the borrower to use these providers to provide services for loan requests.

**CREDIT REPORTS:
&
FLOOD CERT**

Credit Plus
31550 Winterplace Parkway
Salisbury, MD 21804
PH: 800-258-3488 ext 222

First American CREDCO
333 Earle Ovington STE. 300
Uniondale, NY 11553
PH: 800-294-5566

Lender S. Credit
4709 North El Capitan
Fresno, CA 93722
PH: 877-774-6361

First American Flood Data
11902 Durnet Rd. Ste. 400
Austin, TX 78758
PH: 800-447-1772

APPRAISALS:

Appraisal Services, Inc.
703 E. Main Street
Salisbury, MD 21804
PH: 410-749-5553

Appraisal Professionals
28761 Ocean Gateway
Salisbury, MD 21801
PH: 410-341-6628

Bay Acquisitions
PO Box 1662
Salisbury, MD 21802
PH: 410-860-9002

CLOSING AGENTS:

Ann Shaw, P.A.
116-118 W. Main Street
Salisbury, MD 21801
PH: 410-742-9171

Sanclimente & Associates
2500 Wrangle Hill Rd Ste.129
Bear, DE 19709
PH: 302-832-5600

Don E. Richardson, P A
130 E. Main Street
Salisbury, MD 21803
PH: 410-742-8744

NOTE! The Lender may send out a revised "Provider" List at a later date.

You are not required to use these providers for services pertaining to the settlement of your loan. You may obtain settlement services from other firms of your own choosing. However, the Providers must be approved by the Lender.

The Lender is permitted by the Real Estate Settlement Procedures Act (RESPA) 1974, SS3500.15(b)(2) to require use of the Lenders providers by the borrower for the services of the type itemized above and to require the borrower to pay for those services. This disclosure is being provided as required by the Real Estate Settlement Procedures Act (RESPA) 1974, Amended

Borrower's Signature Date

Borrower's Signature Date

Borrower's Signature Date

Borrower's Signature Date

TRACO FINANCIAL CORPORATION

Date

RESPA SERVICING DISCLOSURE

Lender: TRACO MORTGAGE (Division of TRACO FINANCIAL CORPORATION)

NOTICE TO FIRST LIEN MORTGAGE LOAN APPLICANTS: THE RIGHT TO COLLECT YOUR MORTGAGE LOAN PAYMENTS MAY BE TRANSFERRED; FEDERAL LAW GIVES YOU CERTAIN RELATED RIGHTS. IF YOUR LOAN IS MADE, SAVE THIS STATEMENT WITH YOUR LOAN DOCUMENTS. SIGN THE ACKNOWLEDGEMENT AT THE END OF THIS STATEMENT 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. Section 2601 et seq.) 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 maybe transferred to a different loan servicer. "Servicing" refers to collecting your principal, interest and escrow account payments, if any. If your loan services changes, there are certain procedures that must be followed. This statement generally explains those procedures.

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 effective date of the transfer. The new loan servicer must also send you notice within 15 days after the effective date of the transfer. The present servicer and the new servicer may combine this information on one notice, so long as the notice is sent to you 15 days before the effective date of transfer. The 15 day period is not applicable if a notice of prospective transfer is provided to you at settlement. The law allows a delay in the time (not more that 30 days after a transfer for servicers to notify you, upon the occurrence of certain business emergencies.

Notices must contain certain information. They must contain the effective date of the transfer of the servicing of your loan to the new servicer, and 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. 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 S.S.C. Section 2605) gives you certain consumer rights, whether or not your loan servicing is transferred. If you send a "qualified written request" to your servicer, 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 the information regarding your request. Not later than 60 Business Days after receiving your request, your servicer must make any appropriate corrections to your account, or must provide you with a written clarification regarding any dispute. During this 60-Business 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.

A Business Day is any day in which the offices of the business entity are open to the public for carrying on substantially all of its business functions.

Damages and Costs

Section 6 of RESPA also provides for damages and costs for individuals or classes of individual in circumstances where services are shown to have violated the requirement of that Section.

Servicing Transfer Estimates

1. The following is the best estimate of what will happen to the servicing of your mortgage loan:

We may assign, sell or transfer the servicing of your loan while the loan is outstanding We are able to service your loan and we will will not haven't decided whether to service you.

OR

We do not service mortgage loans and we have not serviced mortgage loans in the past three years.

We presently intend to assign, sell or transfer the servicing of your mortgage loan. You will be informed about your servicer.

We assign, sell or transfer the servicing of some of your loans while the loan is outstanding depending on the type of loan and other factors. For the program you have applied for, we expect to:

Sell all of the mortgage servicing retain all of the mortgage servicing.

assign, sell or transfer 100% of the mortgage servicing.

2. For all the first lien mortgage loans that we make in the 12-month period after your mortgage loan is funded, we estimate that the percentage of mortgage loans for which we will transfer servicing is between:

(0 to 25%) or (NONE) 26 to 50% 51 to 75% (76 to 100%) or (ALL)

This estimate does does not include assignments, sales or transfers to affiliates or subsidiaries. This is only our best estimate and it is not binding. Business conditions or other circumstances may affect our future transferring decisions.

3. We have previously assigned, sold or transferred the servicing of first lien mortgage loans.

This is our record of transferring the servicing of the first lien mortgage loans we have made in the past:

| <u>YEAR</u> | <u>Percentage of Loans Transferred</u> (Rounded to nearest quartile-0%, 25%, 50%, 75% or 100%) | | |
|-------------|--|-------------|-------------|
| <u>2007</u> | <u>100%</u> | <u>2004</u> | <u>100%</u> |
| <u>2006</u> | <u>100%</u> | <u>2003</u> | <u>100%</u> |
| <u>2005</u> | <u>100%</u> | | |

This information does does not include assignments, sales or transfers to affiliates or subsidiaries.

Date _____

Present Servicer or Lender _____

ACKNOWLEDGEMENT OF MORTGAGE LOAN APPLICANT

I/We have read this disclosure form and understand its contents, as evidenced by my/our signature(s) below. I/We understand that this acknowledgement is a required part of the mortgage loan application.

Applicant Date

Applicant Date

Applicant Date

Applicant Date



www.tracomortgage.com

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Opt Out Form

Did you know that every time you have your credit pulled the credit bureaus alert all the companies in their database that it has been pulled. The bureaus then give these companies the name and address of the person whose credit has been pulled. This all happens within 10 minutes of your credit being pulled. The credit bureaus do this because their clients pay them for this information. Yes, this is legal, and yes it absolutely happens, and no they do not need your permission to do this.

You can "opt out" of this invasion of your privacy and thus stop your information from being sent to these databases.

Please sign into www.optoutprescreen.com.

This site "opts out" you from the harassing calls trying to sell you something. This is a FREE service for Traco Mortgage Clients.

We/I authorize Traco Mortgage to "opt out" my information from the credit bureaus database.

Signed: _____

Date: _____

Signed: _____

Date: _____

We / I authorize Traco Mortgage to contact me by phone to keep us informed of new programs, special offers, and / or to schedule appointments on an ongoing basis.

Signed: _____

Date: _____

Signed: _____

Date: _____



Acting As Agent on Behalf of _____ (Company name)

Consent to Social Security Administration's Release of Social Security Number Verification

Printed Name _____ SSN

Date of Birth

I consent to the Social Security Administration verifying my Social Security number to Rapid Reporting acting as agent on behalf of _____ [Company Name].

I understand that my consent allows no additional information from my Social Security records to be provided to Rapid Reporting and that the verification of my Social Security number will be used to confirm personal information supplied to the company named above. I also understand that my Social Security number may not be used for any purpose other than the one stated above, including resale or redisclosure to other parties. The only other redisclosure permitted by this consent is for review purposes to ensure that Rapid Reporting complies with SSA's consent requirements.

I am the individual to whom the Social Security number was issued or that person's legal guardian. I declare and affirm under the penalty of perjury that the information contained herein is true and correct. I acknowledge that if I make any representation that I know is false to obtain information from Social Security records, I could be found guilty of a misdemeanor and fined up to \$5,000.

Signature _____ Date Signed

This consent is valid only for 90 days from the date signed, unless indicted otherwise by the individual named above.

Contact information of individual signing authorization:
Address

Phone Number

If consent is signed other than by the individual named above, indicate relationship:



Acting As Agent on Behalf of _____ (Company name)

Consent to Social Security Administration's Release of Social Security Number Verification

Printed Name _____ SSN

Date of Birth

I consent to the Social Security Administration verifying my Social Security number to Rapid Reporting acting as agent on behalf of _____ [Company Name].

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Signature _____ Date Signed

This consent is valid only for 90 days from the date signed, unless indicted otherwise by the individual named above.

Contact information of individual signing authorization:
Address

Phone Number

If consent is signed other than by the individual named above, indicate relationship:

Form **4506-T**

(Rev. November 2005)
Department of the Treasury
Internal Revenue Service

Request for Transcript of Tax Return

- ▶ **Do not sign this form unless all applicable lines have been completed.**
Read the instructions on page 2.
- ▶ **Request may be rejected if the form is incomplete, illegible, or any required line was blank at the time of signature.**

OMB No. 1545-1872

Tip: Use Form 4506-T to order a transcript or other return information free of charge. See the product list below. You can also call 1-800-829-1040 to order a transcript. If you need a copy of your return, use **Form 4506**, Request for Copy of Tax Return. There is a fee to get a copy of your return.

| | |
|--|---|
| 1a Name shown on tax return. If a joint return, enter the name shown first. | 1b First social security number on tax return or employer identification number (see instructions) |
| 2a If a joint return, enter spouse's name shown on tax return | 2b Second social security number if joint tax return |

3 Current name, address (including apt., room, or suite no.), city, state, and ZIP code

4 Previous address shown on the last return filed if different from line 3

5 If the transcript or tax information is to be mailed to a third party (such as a mortgage company), enter the third party's name, address, and telephone number. The IRS has no control over what the third party does with the tax information.

Caution: If a third party requires you to complete Form 4506-T, do not sign Form 4506-T if lines 6 and 9 are blank.

6 **Transcript requested.** Enter the tax form number here (1040, 1065, 1120, etc.) and check the appropriate box below. Enter only one tax form number per request. ▶ _____

- a Return Transcript**, which includes most of the line items of a tax return as filed with the IRS. Transcripts are only available for the following returns: Form 1040 series, Form 1065, Form 1120, Form 1120A, Form 1120H, Form 1120L, and Form 1120S. Return transcripts are available for the current year and returns processed during the prior 3 processing years. Most requests will be processed within 10 business days
- b Account Transcript**, which contains information on the financial status of the account, such as payments made on the account, penalty assessments, and adjustments made by you or the IRS after the return was filed. Return information is limited to items such as tax liability and estimated tax payments. Account transcripts are available for most returns. Most requests will be processed within 30 calendar days
- c Record of Account**, which is a combination of line item information and later adjustments to the account. Available for current year and 3 prior tax years. Most requests will be processed within 30 calendar days
- 7 Verification of Nonfiling**, which is proof from the IRS that you **did not** file a return for the year. Most requests will be processed within 10 business days
- 8 Form W-2, Form 1099 series, Form 1098 series, or Form 5498 series transcript.** The IRS can provide a transcript that includes data from these information returns. State or local information is not included with the Form W-2 information. The IRS may be able to provide this transcript information for up to 10 years. Information for the current year is generally not available until the year after it is filed with the IRS. For example, W-2 information for 2003, filed in 2004, will not be available from the IRS until 2005. If you need W-2 information for retirement purposes, you should contact the Social Security Administration at 1-800-772-1213. Most requests will be processed within 45 days

Caution: If you need a copy of Form W-2 or Form 1099, you should first contact the payer. To get a copy of the Form W-2 or Form 1099 filed with your return, you must use Form 4506 and request a copy of your return, which includes all attachments.

9 **Year or period requested.** Enter the ending date of the year or period, using the mm/dd/yyyy format. If you are requesting more than four years or periods, you must attach another Form 4506-T. For requests relating to quarterly tax returns, such as Form 941, you must enter each quarter or tax period separately.

____ / ____ / ____ ____ / ____ / ____ ____ / ____ / ____ ____ / ____ / ____

Signature of taxpayer(s). I declare that I am either the taxpayer whose name is shown on line 1a or 2a, or a person authorized to obtain the tax information requested. If the request applies to a joint return, **either** husband or wife must sign. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify that I have the authority to execute Form 4506-T on behalf of the taxpayer.

| | | | |
|------------------|--|------|---|
| Sign Here | Signature (see instructions) | Date | Telephone number of taxpayer on line 1a or 2a () |
| | Title (if line 1a above is a corporation, partnership, estate, or trust) | | |
| | Spouse's signature | Date | |
| | | | |



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AGREEMENT FOR FINANCIAL SERVICES

The undersigned _____ hereby appoints Traco Financial Corporation to submit to their lenders, financial data and information supplied by the borrower on a best effort basis for the purpose of the lender making a loan to the undersigned. The lender may choose to close the loan in their name or any other name including Traco Financial Corporation. The proposed loan amount this date is \$ _____.

The borrower is duly authorized and agrees to pay Traco Financial Corporation, a mortgage broker, a broker fee of _____% of the amount of the money commitment or on any commitment which he accepts plus 1% Loan Origination Fee. There may also be a premium paid to Traco Financial Corporation by the investor. This premium may be from 0-3.5 percent of your loan amount, as disclosed in the final good faith estimate. The premium is not an additional fee, and will not affect the overall points disclosed in the broker fee agreement. This agreement shall continue in effect until written notification or 180 days from application date.

The borrower will supply application, financial statements and verification reports needed to process the loan. The estimated funds needed to proceed with the application for the credit report and appraisal is \$ _____. This is due and payable once agreement is signed regardless of completion. Traco does not charge an application fee. If loan cannot be made, no fees except the ones above will be due to Traco. Traco does have a processing fee for items needed to close a loan of \$ _____. If borrower exercises his right to rescind under the Truth in Lending Act, All fees, points, attorney's settlement fees on settlement HUD 1 are cancelled and all fees other than above are returned.

Rates: _____ Best available: _____ Quote: _____

The undersigned agrees to this authorization and contract as an individual and on behalf of any entity or individual that he represents and acknowledges that he has received an exact copy thereof. This agreement cannot be altered without the written consent of both parties hereto. The applicant fully understands the conditions herein and has read this agreement carefully. Furthermore, the applicant agrees that in the event of a closing not being consummated due to the requested requirements not set by the applicant or for conditions beyond the control of agent, the applicant agrees to hold Traco Financial Corporation or affiliates and any lenders, legally harmless.

Traco will arrange for the appraisal as well as to conduct a credit analysis. Traco will process the loan and seek a lender with an acceptable loan program. You, the applicants agree to enter into this Mortgage Loan Origination Agreement with Traco Financial as an independent contractor to apply for a residential mortgage loan from a participating lender with which we from time to time contract upon such terms and conditions you may request or a lender may require. Traco is not the credit provider. You inquired into mortgage financing with Traco Financial on _____.

We are licensed as a "Mortgage Broker" under the Laws of the States of Maryland & Delaware.

Section 1. Nature of relationship. In connection with this mortgage loan we are acting as an independent contractor and not as your agent. We will enter into separate independent contractor agreements with various lenders. While we seek to assist you in meeting your financial needs, we do not distribute the product of all lender or investors in the market and cannot guarantee the lowest price or the best terms available in the market.

Section 2. Our compensation. The lenders whose loan products we distribute generally provide their loan products to us at wholesale rate. The retail price we offer you-your interest rate, total points and fees will include our compensation. In some cases, we may be paid all of our compensation by either you or the lender. Alternatively, we may be paid a portion of our compensation by both you and the lender. For example, in some cases, if you would rather pay less up front, you may be able to pay some or all of our compensation indirectly through a higher interest rate in which case we will be paid directly by the lender. We also may be paid by the lender based on (I) the value of the Mortgage Loan or related servicing rights in the market place or (II) other services, goods or facilities performed or provided by us to the lender. The range of cost of all services shall in no event exceed ten percent of contract.

A copy of this signed agreement either will be given to you upon execution or mailed to you within seven business days. If you have any questions in connection with this Agreement please call us at 410-742-2253.

PURCHASER DISCLOSURE OF NEW MD. LAW EFFECTIVE 1/1/94

PLEASE READ PRIOR TO SIGNING YOUR MORTGAGE LOAN APPLICATION

By signing your mortgage loan application you may be forfeiting your rights under Maryland Law (Real Property Article, (s10-702) which mandates that the seller deliver to you, upon ratification of your contract of sale or within 3 days of ratification, a disclosure or disclaimer statement regarding the condition of the subject property you are purchasing.

If the seller has not complied with the above and you sign your mortgage loan application, you will be waiving your right to rescind the sales transaction under the provisions of the above Maryland Law.

AUTHENTICITY OF TAX RETURNS

1. Borrower(s) have applied for a mortgage loan from Lender. In applying for loan, I/We have provided copies of federal income tax returns for the preceding two years which Lender is, in part, relying on to determine my/our ability to repay debt may extend to me/us. I/We certify that these returns are true and correct copies of those submitted to the Internal Revenue Service (IRS).
2. Borrower(s) declare that I/We have examined these returns and accompanying schedules and statements, and to the best of my/ our knowledge and belief, they are true, correct, and complete. I/We have made no misrepresentation in these returns or other documents, nor have I/We omitted any pertinent information.
3. Borrower(s) also understand(s) that any false statements or report...for the purpose of influencing in any way the action of ...any institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation...any member of the Federal Home Loan Bank System, the Federal Deposit Insurance Corporation...upon any application...of loan ...shall be fined not more than 2 years, or both.
4. The agreements and covenants contained herein shall survive the closing of the Loan.

NOTICE TO APPLICANT OF RIGHT TO RECEIVE A COPY OF AN APPRAISAL

You have the right to a copy of the appraisal report used in connection with your application for credit provided such a report is obtained by us. If you wish a copy, please write to us at the mailing address we have provided. We must hear from you no later than 90 days after we notify you about the action taken on your credit application or you withdraw your application. In your letter, give us your name, address, the date the loan application was taken and the name of the loan officer that processed your loan application.

All fees associated with the appraisal will be considered to be the applicants. Plus any other fees associated with collecting the appraisal monies will be the responsibility of the applicant.

Accepted this _____ day of _____, 20 _____

TRACO FINANCIAL CORPORATION

BORROWER _____ Seal

CO- BORROWER _____ Seal

Loan Officer

CO- BORROWER _____ Seal

CREDIT SCORE DISCLOSURE/NOTICE TO THE HOME LOAN APPLICANT

DATE:

LOAN NUMBER:

APPLICANT NO. 1:

APPLICANT NO. 2:

MAILING
ADDRESS:

APPLICANT NO. 1

The credit score of Applicant No. 1 is _____. This credit score was created _____ (Date).

The credit score was provided by: _____ Equifax _____ TransUnion _____ Experian

The following factor(s) adversely affected the credit score of Applicant No. 1: (*Code#)

_____, _____, _____, _____

APPLICANT NO.2

The credit score of Applicant No. 2 is _____. This credit score was created _____ (Date).

The credit score was provided by: _____ Equifax _____ TransUnion _____ Experian

The following factor(s) adversely affected the credit score of Applicant No. 2: (*Code#)

_____, _____, _____, _____

The possible credit scores under the scoring used by Equifax range from a low of 300 to a high of 850.

The possible credit scores under the scoring used by Trans Union range from a low of 395 to a high of 848.

The possible credit scores under the scoring used by Experian range from a low of 375 to a high of 900.

The factors contributing to your credit score are only one of the many factors we use in determining whether or not to grant credit. This notice is not a notice of the action taken on your loan. This notice may or may not contain the reason (s) for our decision on your application. You will receive a formal decision on your application at a later date.

SEE ATTACHED FOR EXPLANATION OF CODES AND ADDRESS AND TELEPHONE NUMBER INFORMATION FOR EQUIFAX, TRANSUNION AND EXPERIAN.

NOTICE

In connection with your application for a home loan, the lender/broker must disclose to you the score that a consumer reporting agency (also known as a credit bureau) distributed to users and the lender/broker used in connection with your home loan, and the key factors affecting your credit scores. The credit score is a computer-generated summary calculated at the time of the request and based on information a consumer reporting agency or lender/broker has on file. The scores are based on the data about your credit history and payment patterns. Credit scores are important because they are used to assist the lender/broker in determining whether you will obtain a loan. They may also be used to determine what interest rate you may be offered on the mortgage. Credit scores can change over time, depending on your conduct, how your credit history and payment patterns change and how credit scoring technologies change. Because the score is based on information in your credit history, it is very important that you review the credit-related information that is being furnished to make sure that it is accurate. Credit records may vary from one company to another. If you have questions about your credit score or the credit information that is furnished to you, contact the consumer reporting agency at the address and telephone number provided with this notice, or contact the lender/broker, if the lender/broker developed or generated the credit score. The consumer-reporting agency plays no part in the decision on a loan application. If you have any questions concerning the terms of the loan, contact the lender/broker.

Please acknowledge your receipt of this Notice by signing below.

Applicant

Date

Applicant

Date



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TRACO MORTGAGE

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BORROWER'S CERTIFICATION AND AUTHORIZATION

Certification

The undersigned applicant(s) ("Applicant") hereby certify the following:

- 1) Applicant has applied for a mortgage loan from Traco Financial Corporation and has completed a loan application containing various information including the purpose of the loan, the amount and source of the down payment, employment and income information, and information regarding assets and liabilities. Applicant certifies that all of the information is true and complete: that no misrepresentations have been made in the loan application or other documents: and that no pertinent information has been omitted.
2) Applicant understands and agrees that the loan application may be reviewed by an automated underwriting service to assist in the application processing. Applicant authorizes Traco Financial Corporation any Agents and/or Assigns of Traco Financial Corporation, any lender which is considering purchasing from Traco Financial Corporation Applicant's loan or the servicing of the loan, and the automated underwriting service provider to obtain copies of Applicant's credit reports, information regarding Applicant's employment, income, assets and liabilities and other information about Applicant that they may require to process the application or to review a Applicant's loan in connection with a potential sale. Applicant also agrees that the foregoing lenders and automated underwriting services providers may use the information to assess and improve the effectiveness and accuracy of their underwriting procedures and requirements.
3) Applicant understand and agrees that the loan application may be selected by Traco Financial Corporation, its Agents and/or Assigns for quality control review which will involve verification of all of the credit information (including employment history, income, bank accounts, and credit references) as well as the property valuation. Applicant agrees to cooperate with Traco Financial Corporation for its Assigns or Agents to the extent necessary to accomplish this review, It is understood that the information may be verified with third parties as Applicant's employers, depository institutions or a credit reporting agency..
4) Applicant fully understands that it is a Federal crime punishable by fine or imprisonment, or both to knowingly make any false statements when applying for this mortgage loan, as applicable under the provisions of Title 18, United States Code, Section 1014.

Authorization to Release Information

To whom it may concern:

- 1) Applicant understands and agrees that as part of the application process, Traco Financial Corporation may verify information contained in the 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 review.
2) Applicant understands and agrees that Traco Financial Corporation, its Agents and/or Assigns may address this Authorization to any party named in the Application and Applicant hereby authorizes any addresses to provide to Traco Financial Corporation, its Agents and/or Assigns, any and all information and documentation requested, including, but not limited to: employment history, income, and benefits account including Social Security; bank, money market, investment and similar account statements, balances or account activity sheets; credit history; copies of income tax returns, liens & judgments and releases.
3) A copy of the authorization may be accepted as an original.

Notice to Borrower: This is notice to you as required by the Right to Financial Privacy Act of 1978 that HUD/FHA/VA has a right of access to financial records held by financial institutions in connection with the consideration or administration of assistance to you. Financial records involving your transaction will be available to HUD/FHA/VA without further notice or authorization but will not be disclosed or released by this institution to another Governmental Agency or Department without your consent except as required or permitted by law

Date:

Borrower

Social Security Number

Date of Birth

Borrower

Social Security Number

Date of Birth

Borrower

Social Security Number

Date of Birth

PRIVACY ACT NOTICE: This information is to be used by the agency collecting it in determining whether you qualify as a prospective mortgagor or borrower under its program. It will not be disclosed outside the agency without your consent except to your employer(s) for verification of employment and as required and permitted by law. You do not have to give us this information, but if you do not your application for approval as a prospective mortgagor or borrower may be delayed or rejected. The information requested in this form is authorized by Title 38, U.S. C., Chapter 37 (if VA); by 12 U.S.C., Section 1701 et seq. (if HUD/FHA); by 42 U.S.C. Section 1452b (if HUD/CPD); and Title 42, U.S.C., 1471 et seq., or 7 U.S.C. 1921 et seq. (if U.S.D.A., FmHA).

t:/app/auth



www.tracomortgage.com

TRACO MORTGAGE

Mortgage Bankers and Financial Services Since 1978
Div. of Traco Financial Corporation
traco@tracomtg.com

327 Tilghman Rd. and Rt 50.
Salisbury, MD. 21804
Office: (410) 742-2253
Fax: (410) 742-1308

REQUIRED SERVICE PROVIDER DISCLOSURE

We, the mortgage broker, will require the services of the particular persons or entities listed below and the applicable estimated charges set forth on Estimated Closing cost are based on the charges of these designated providers. There is no affiliate or ownership relationship between the broker and these firms, nor does the broker receive any benefit from referring business to these firms.

We have within the past twelve months repeatedly used or required the borrower to use these providers to provide services for loan requests.

**CREDIT REPORTS:
&
FLOOD CERT**

Credit Plus
31550 Winterplace Parkway
Salisbury, MD 21804
PH: 800-258-3488 ext. 222

First American CREDCO
333 Earle Ovington STE. 300
Uniondale, NY 11553
PH: 800-294-5566

Lender S. Credit
4709 North El Capitan
Fresno, CA 93722
PH: 877-774-6361

First American Flood Data
11902 Durnet Rd. Ste. 400
Austin, TX 78758
PH: 800-447-1772

APPRAISALS:

Appraisal Services Inc.
703 E. Main Street
Salisbury, MD 21804
PH: 410-749-5553

Appraisal Professionals
28761 Ocean Gateway
Salisbury, MD 21801
PH: 410-341-6628

Bay Acquisitions
PO Box 1662
Salisbury, MD 21802
PH: 410-860-9002

CLOSING AGENTS:

Ann Shaw, P.A.
116-118 W. Main Street
Salisbury, MD 21801
PH: 410-742-9171

Sanclimente & Associates
2500 Wrangle Hill Rd Ste.129
Bear, DE 19709
PH: 302-832-5600

Don E. Richardson, P A
130 E. Main Street
Salisbury, MD 21803
PH: 410-742-8744

NOTE! The Lender may send out a revised "Provider" List at a later date.

You are not required to use these providers for services pertaining to the settlement of your loan. You may obtain settlement services from other firms of your own choosing. However, the Providers must be approved by the Lender.

The Lender is permitted by the Real Estate Settlement Procedures Act (RESPA) 1974, SS3500.15(b)(2) to require use of the Lenders providers by the borrower for the services of the type itemized above and to require the borrower to pay for those services. This disclosure is being provided as required by the Real Estate Settlement Procedures Act (RESPA) 1974, Amended

Borrower's Signature Date

Borrower's Signature Date

Borrower's Signature Date

Borrower's Signature Date

TRACO FINANCIAL CORPORATION

Date

RESPA SERVICING DISCLOSURE

Lender: TRACO MORTGAGE (Division of TRACO FINANCIAL CORPORATION)

NOTICE TO FIRST LIEN MORTGAGE LOAN APPLICANTS: THE RIGHT TO COLLECT YOUR MORTGAGE LOAN PAYMENTS MAY BE TRANSFERRED; FEDERAL LAW GIVES YOU CERTAIN RELATED RIGHTS. IF YOUR LOAN IS MADE, SAVE THIS STATEMENT WITH YOUR LOAN DOCUMENTS. SIGN THE ACKNOWLEDGEMENT AT THE END OF THIS STATEMENT 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. Section 2601 et seq.) 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 maybe transferred to a different loan servicer. "Servicing" refers to collecting your principal, interest and escrow account payments, if any. If your loan services changes, there are certain procedures that must be followed. This statement generally explains those procedures.

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 effective date of the transfer. The new loan servicer must also send you notice within 15 days after the effective date of the transfer. The present servicer and the new servicer may combine this information on one notice, so long as the notice is sent to you 15 days before the effective date of transfer. The 15 day period is not applicable if a notice of prospective transfer is provided to you at settlement. The law allows a delay in the time (not more than 30 days after a transfer for servicers to notify you, upon the occurrence of certain business emergencies.

Notices must contain certain information. They must contain the effective date of the transfer of the servicing of your loan to the new servicer, and 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. 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 S.S.C. Section 2605) gives you certain consumer rights, whether or not your loan servicing is transferred. If you send a "qualified written request" to your servicer your servicer must provide you with a written acknowledgment 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 the information regarding your request. Not later than 60 Business Days after receiving your request, your servicer must make any appropriate corrections to your account, or must provide you with a written clarification regarding any dispute. During this 60-Business 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.

A Business Day is any day in which the offices of the business entity are open to the public for carrying on substantially all of its business functions.

Damages and Costs

Section 6 of RESPA also provides for damages and costs for individuals or classes of individual in circumstances where services are shown to have violated the requirement of that Section.

Servicing Transfer Estimates

1. The following is the best estimate of what will happen to the servicing of your mortgage loan:

We may assign, sell or transfer the servicing of your loan while the loan is outstanding We are able to service your loan and we will will not haven't decided whether to service your.

OR

We do not service mortgage loans and we have not serviced mortgage loans in the past three years.

We presently intend to assign, sell or transfer the servicing of your mortgage loan. You will be informed about your servicer.

We assign, sell or transfer the servicing of some of your loans while the loan is outstanding depending on the type of loan and other factors. For the program you have applied for, we expect to:

Sell all of the mortgage servicing retain all of the mortgage servicing.

assign, sell or transfer 100% of the mortgage servicing.

2. For all the first lien mortgage loans that we make in the 12-month period after your mortgage loan is funded, we estimate that the percentage of mortgage loans for which we will transfer servicing is between:

(0 to 25%) or (NONE) 26 to 50% 51 to 75% (76 to 100%) or (ALL)

This estimate does does not include assignments, sales or transfers to affiliates or subsidiaries. This is only our best estimate and it is not binding. Business conditions or other circumstances may affect our future transferring decisions.

3. We have previously assigned, sold or transferred the servicing of first lien mortgage loans.

This is our record of transferring the servicing of the first lien mortgage loans we have made in the past:

| <u>YEAR</u> | <u>Percentage of Loans Transferred</u> (Rounded to nearest quartile-0%, 25%, 50%, 75% or 100%) | | |
|-------------|--|-------------|-------------|
| <u>2007</u> | <u>100%</u> | <u>2004</u> | <u>100%</u> |
| <u>2006</u> | <u>100%</u> | <u>2003</u> | <u>100%</u> |
| <u>2005</u> | <u>100%</u> | | |

This information does does not include assignments, sales or transfers to affiliates or subsidiaries.

Date _____

Present Servicer or Lender _____

ACKNOWLEDGEMENT OF MORTGAGE LOAN APPLICANT

I/We have read this disclosure form and understand its contents, as evidenced by my/our signature(s) below. I/We understand that this acknowledgment is a required part of the mortgage loan application.

Applicant Date

Applicant Date

Applicant Date

Applicant Date

DISCLOSURE NOTICES

| | |
|--------------|------------------|
| Applicant(s) | Property Address |
|--------------|------------------|

AFFIDAVIT OF OCCUPANCY

Applicant(s) hereby certify and acknowledge that, upon taking title to the real property described above, their occupancy status will be as follows:

Primary Residence-Occupied by Applicant(s) within 30 days of closing.

Secondary Residence- To be occupied by Applicant(s) at least 15 days yearly, as second home (vacation, etc.), while maintaining principal residence elsewhere. (Please check this box if you plan to establish it as your primary residence at a future date (I.E. retirement).

Investment Property - Not owner occupied. Purchased as an investment to be held or rented.

The Applicant(s) acknowledge it is a federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements concerning this loan application as applicable under the provision of Title 18, United States Code, Section 1014

APPLICANT _____ CO-APPLICANT _____

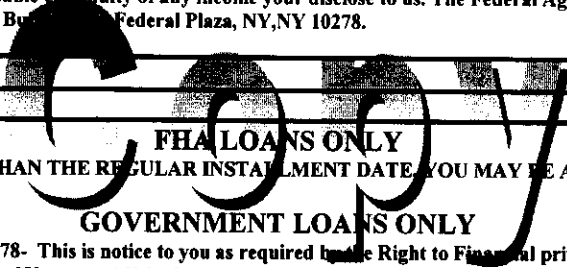
CO-APPLICANT _____ CO-APPLICANT _____

FAIR CREDIT REPORTING ACT

An investigation will be made as to the credit standing of all individuals seeking credit in this application. The nature and scope of any investigation will be furnished to you upon written request made within a reasonable period of time. In the event of denied credit due to an unfavorable consumer report you will be advised of the identity of the Consumer reporting Agency making such report and of right to request within sixty (60)days the reason for the adverse action, pursuant to provisions of section 615(b)of the Fair Credit Reporting Act.

EQUAL CREDIT OPPORTUNITY ACT

The Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on a basis of race, color, religion, national origin, sex, immoral status, age(provided that the applicant has the capacity to enter into a binding contract): because all or part of the applicant's income derives from any public assistance program: or because the applicant has in good faith exercised any right under the consumer Credit Protection Act. Income which your receive as alimony child support or separate maintenance need not disclosed to this creditor unless you choose to rely on such sources to qualify for the loan. Income from these and other sources, including part-time or temporary employment, will not be discounted by this lender because of your sex or marital status. However, we will consider very carefully the stability and probable continuity of any income your disclose to us. The Federal Agency that administers compliance with this law concerning this creditor is FTC 2243-EB Federal Bureau of Investigation, Federal Plaza, NY,NY 10278.



IF YOU PREPAY YOUR LOAN ON OTHER THAN THE REGULAR INSTALLMENT DATE YOU MAY BE ASSESSED INTEREST CHARGES UNTIL THE END OF THAT MONTH.

RIGHT TO FINANCIAL PRIVACY ACT OF 1978- This is notice to you as required by the Right to Financial privacy Act of 1978 that the Department of Housing and Urban Development or Department of Veterans Affairs has a right of access to financial records held by a financial institution in connection with the consideration of administration of assistance to you. Financial records involving your transaction will be available to the Department of Housing and Urban Development or Department of Veterans Affairs without further notice or authorization but will not be disclosed or released to another Government agency or Department without your consent except as required or permitted by law.

EMPLOYMENT CERTIFICATION

An approval for a loan is based upon employment, income and obligations as shown on the loan application. At closing, the applicant and co-applicant/spouse, if applicable, are required to execute a sworn statement affirming that they are currently working as previously reported, have not received notice of layoff nor have knowledge of pending layoff, and that outstanding obligations are substantially the same as reported on the application should a change occur in your employment or financial status prior to loan closing, immediately notify your loan officer, as it will be necessary to obtain approval of any changes.

ANTI-COERCION STATEMENT

The insurance laws of this state provide that the lender may not require the applicant to take insurance through any particular insurance agent or company to protect the mortgaged property. The applicant, subject to the rules adopted by the Insurance Commissioner, has the right to have the Insurance placed with an insurance agent or company of his choice, provided the company meets the requirements of the lender. The lender has the right to designate reasonable financial requirements as to the company and the adequacy of the coverage.

I have read the foregoing statement, or the rules of the Insurance Commissioner relative thereto, and understand my rights and privileges and those of the lender relative to the placing of such Insurance.

I have selected the following agencies to write the insurance covering the property described above.

Insurance Company Name _____ Agent _____

Agent's Name _____ Agent's Telephone Number _____

FLOOD INSURANCE NOTIFICATION

Federal regulations require us to inform you that the property used as security for this loan is located in an area identified by the U.S. Secretary & Urban Development as having special flood hazards and that in the event of damage to the property caused by flooding in a Federally declared disaster. Federal disaster relief assistance, If authorized, will be available for the property.

At the closing you will be asked to acknowledge your receipt of this information. If you have any questions concerning this notice, kindly contact your loan officer.

IMPORTANT: Please notify your insurance agent that the "loss payee" clause for the mortgagee on both the hazard and flood insurance must read as follows, unless otherwise advised:

The undersigned applicant(s) certify that they have been furnished with the "Settlement Cost Booklet: on this date and, if applicable the booklet "Consumer Handbook on Adjustable Rate Mortgages" (CHARM booklet which was presented to me/us along with the residential loan application form

I/We hereby certify that I/we have read the Notices set forth above and fully understand all of the above.

APPLICANT _____ DATE _____ APPLICANT _____ DATE _____

APPLICANT _____ DATE _____ APPLICANT _____ DATE _____

PRIVACY POLICY

Traco Mortgage (Division of Traco Financial Corporation), is committed to maintaining the privacy and security of your personal information that is in our possession. The purpose of this notice is to explain how Traco protects and uses your personal information during and after the time Traco receives your application and offers you a mortgage loan. We want you to be aware of how that information is used and what your rights are regarding how and with whom we share that information.

Information we gather and share:

In order to originate, process, close and service your mortgage loan(s) and comply with applicable state and federal law, we collect and use various types of "non-public personal information" – information about you that is not available publicly.

Customer information collected is in one of the below categories:

Information you provided to us on applications, supporting documents, and through other means (such as your phone, social security, and account numbers, assets, and income)

Information from a credit reporting agency (such as your credit worthiness and credit history including your credit score)

Information about your transactions with us (such as loan history and payment history)

Information from other outside sources (such as property appraisals, employment history, credit card balances, or property insurance coverage)

We limit who receives personal customer information, but periodically it is necessary to reveal some of this data to third parties, such as credit reporting agencies, federal and state regulators, and loan investors. We may share all four types of non-public information on current and former customers with companies that perform services on our behalf (such as companies that provide flood hazard insurance determinations and property tax information). We are highly selective in choosing the outside companies that we share information with, and we restrict the information provided to them to only what is needed to do their job.

Thank you for putting your trust in Traco, as we continue to assist you and strive to keep your privacy intact.

Important Applicant Information

| | |
|--------------------------|----------------|
| Borrower Name(s): | Lender: |
| Property Address: | Date: |

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT OR REQUESTING A LOAN

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account or requests a loan.

What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may ask to see your driver's license or other identifying documents.

Borrower Date

Borrower Date

Borrower Date

Borrower Date

**Copy of driver's license or
acceptable photo I.D. needs to
be obtained.**



www.tracomortgage.com

TRACO MORTGAGE

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Div. of Traco Financial Corporation
traco@tracomortgage.com

327 Tilghman Rd. and Rt 50.
Salisbury, MD. 21804
Office: (410) 742-2253
Fax: (410) 742-1308

AGREEMENT FOR FINANCIAL SERVICES

The undersigned _____ hereby appoints Traco Financial Corporation to submit to their lenders, financial data and information supplied by the borrower on a best effort basis for the purpose of the lender making a loan to the undersigned. The lender may choose to close the loan in their name or any other name including Traco Financial Corporation. The proposed loan amount this date is \$ _____.

The borrower is duly authorized and agrees to pay Traco Financial Corporation, a mortgage broker, a broker fee of _____% of the amount of the money commitment or on any commitment which he accepts plus 1% Loan Origination Fee. There may also be a premium paid to Traco Financial Corporation by the investor. This premium may be from 0-3.5 percent of your loan amount, as disclosed in the final good faith estimate. The premium is not an additional fee, and will not affect the overall points disclosed in the broker fee agreement. This agreement shall continue in effect until written notification or 180 days from application date.

The borrower will supply application, financial statements and verification reports needed to process the loan. The estimated funds needed to proceed with the application for the credit report and appraisal is \$ _____. This is due and payable once agreement is signed regardless of completion. Traco does not charge an application fee. If loan cannot be made, no fees except the ones above will be due to Traco. Traco does have a processing fee for items needed to close a loan of \$ _____. If borrower exercises his right to rescind under the Truth in Lending Act, All fees, points, attorney's settlement fees on settlement HUD 1 are cancelled and all fees other than above are returned.

Rates: _____ Best available: _____ Quote: _____

The undersigned agrees to this authorization and contract as an individual and on behalf of any entity or individual that he represents and acknowledges that he has received an exact copy thereof. This agreement cannot be altered without the written consent of both parties hereto. The applicant fully understands the conditions herein and has read this agreement carefully. Furthermore, the applicant agrees that in the event of a closing not being consummated due to the requested requirements not set by the applicant or for conditions beyond the control of agent, the applicant agrees to hold Traco Financial Corporation or affiliates and any lenders, legally harmless.

Traco will arrange for the appraisal as well as to conduct a credit analysis. Traco will process the loan and seek a lender with an acceptable loan program. You, the applicants agree to enter into this Mortgage Loan Origination Agreement with Traco Financial as an independent contractor to apply for a residential mortgage loan from a participating lender with the intent to find a lender to fund the loan. You agree to accept the terms and conditions you may request or a lender may require. Traco is not the credit provider. You inquire into mortgage financing with Traco Financial on _____.

We are licensed as a "Mortgage Broker" under the Laws of the States of Maryland & Delaware.

Section 1. Nature of relationship. In connection with this mortgage loan we are acting as an independent contractor and not as your agent. We will enter into separate independent contractor agreements with various lenders. While we seek to assist you in meeting your financial needs, we do not distribute the product of all lender or investors in the market and cannot guarantee the lowest price or the best terms available in the market.

Section 2. Our compensation. The lenders whose loan products we distribute generally provide their loan products to us at wholesale rate. The retail price we offer you-your interest rate, total points and fees will include our compensation. In some cases, we may be paid all of our compensation by either you or the lender. Alternatively, we may be paid a portion of our compensation by both you and the lender. For example, in some cases, if you would rather pay less up front, you may be able to pay some or all of our compensation indirectly through a higher interest rate in which case we will be paid directly by the lender. We also may be paid by the lender based on (I) the value of the Mortgage Loan or related servicing rights in the market place or (II) other services, goods or facilities performed or provided by us to the lender. The range of cost of all services shall in no event exceed ten percent of contract.

A copy of this signed agreement either will be given to you upon execution or mailed to you within seven business days. If you have any questions in connection with this Agreement please call us at 410-742-2253.

PURCHASER DISCLOSURE OF NEW MD. LAW EFFECTIVE 1/1/94 PLEASE READ PRIOR TO SIGNING YOUR MORTGAGE LOAN APPLICATION

By signing your mortgage loan application you may be forfeiting your rights under Maryland Law (Real Property Article, (s10-702) which mandates that the seller deliver to you, upon ratification of your contract of sale or within 3 days of ratification, a disclosure or disclaimer statement regarding the condition of the subject property you are purchasing.

If the seller has not complied with the above and you sign your mortgage loan application, you will be waiving your right to rescind the sales transaction under the provisions of the above Maryland Law.

AUTHENTICITY OF TAX RETURNS

1. Borrower(s) have applied for a mortgage loan from Lender. In applying for loan, I/We have provided copies of federal income tax returns for the preceding two years which Lender is, in part, relying on to determine my/our ability to repay debt it may extend to me/us. I/We certify that these returns are true and correct copies of those submitted to the Internal Revenue Service (IRS).
2. Borrower(s) declare that I/We have examined these returns and accompanying schedules and statements, and to the best of my/ our knowledge and belief, they are true, correct, and complete. I/We have made no misrepresentation in these returns or other documents, nor have I/We omitted any pertinent information.
3. Borrower(s) also understand(s) that any false statements or report...for the purpose of influencing in any way the action of ...any institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation...any member of the Federal Home Loan Bank System, the Federal Deposit Insurance Corporation...upon any application...of loan ...shall be fined not more than 2 years, or both.
4. The agreements and covenants contained herein shall survive the closing of the Loan.

NOTICE TO APPLICANT OF RIGHT TO RECEIVE A COPY OF AN APPRAISAL

You have the right to a copy of the appraisal report used in connection with your application for credit provided such a report is obtained by us. If you wish a copy, please write to us at the mailing address we have provided. We must hear from you no later than 90 days after we notify you about the action taken on your credit application or you withdraw your application or you withdraw your application. In your letter, give us your name, address, the date the loan application was taken and the name of the loan officer that processed your loan application.

_____ All fees associated with the appraisal will be considered to be the applicants. Plus any other fees associated with collecting the appraisal monies will be the responsibility of the applicant.

Accepted this _____ day of _____, 20____
TRACO FINANCIAL CORPORATION

BORROWER _____ Seal

CO- BORROWER _____ Seal

Loan Officer

CO- BORROWER _____ Seal