

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS**

<p>CECIL BARRETT, JR., CYNTHIA BARRETT, JEAN BLANCO GUERRIER, and ANGELIQUE M. BASTIEN, on behalf of themselves and all others similarly situated,</p> <p>Plaintiffs,</p> <p>vs.</p> <p>H&R BLOCK, INC., H&R BLOCK BANK, a Federal Savings Bank, Member FDIC, OPTION ONE MORTGAGE CORPORATION and H&R BLOCK MORTGAGE CORP. N/K/A OPTION ONE MORTGAGE SERVICES, INC.</p> <p>Defendants.</p>		<p>C.A. NO. 08-10157</p> <p><u>JURY TRIAL DEMANDED</u></p>
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CLASS ACTION COMPLAINT

Plaintiffs, Cecil Barrett Jr., Cynthia Barrett, Jean Blanco Guerrier, and Angelique M. Bastien, (collectively "Plaintiffs") on behalf of themselves and all others similarly situated, by their undersigned attorneys, allege as follows:

1. This is a class action brought by Plaintiffs, on behalf of themselves and other similarly situated minority homeowners, against H&R Block, Inc., H&R Block Bank, and their wholly-owned subsidiaries, Option One Mortgage Corporation and H&R Block Mortgage Corp. (collectively "Defendants"), under the Equal Credit Opportunity Act, 15 U.S.C. § 1691, et seq. ("ECOA") and the Fair Housing Act, 42 U.S.C. § 3601 et seq. Plaintiffs seek remedies for themselves and the Class (defined in ¶83, below) for the discriminatory effects of the Defendants' home financing policies and practices.

2. As described below, the Defendants have established a specific, identifiable and uniform credit pricing system, a component of which, referred to herein as the Discretionary Pricing Policy, authorizes unchecked, subjective surcharge of additional points and fees to an otherwise objective risk-based financing rate. In other words, after a finance rate acceptable to the Defendants is determined by objective criteria (e.g., the individual's credit history, credit score, debt-to-income ratio and loan-to-value ratios), the Defendants' credit pricing policy authorizes additional discretionary finance charges. These subjective, additional finance charges have a widespread discriminatory impact on minority applicants for home mortgage loans, in violation of ECOA and the FHA.

3. The Defendants have established policies for retail and wholesale access to their loan products that subject minority financing applicants to a significantly higher likelihood of exposure to discretionary points and fees. These costs drive up the average cost of a mortgage loan made by one of the defendants to minority homeowners.

4. Plaintiffs seek damages, declaratory and injunctive relief, disgorgement and restitution of monies disparately obtained from minority borrowers.

JURISDICTION AND VENUE

5. Plaintiffs invoke the jurisdiction of this Court pursuant to 28 U.S.C. § 1331, which confers original jurisdiction upon this Court in a civil action arising under federal law.

6. Venue is proper in this Court pursuant to 28 U.S.C. 1391(b) inasmuch as the unlawful discriminatory practice is alleged to have been committed in this District, Defendants regularly conduct business in this District, and the named Plaintiffs reside in this District.

PARTIES

7. Plaintiffs, Cecil Barrett Jr. and Cynthia Barrett, (the “Barretts”) are married minority homeowners who reside at 965 Morton Street, Mattapan, Massachusetts 02126.

8. Plaintiffs, Jean Blanco Guerrier and Angelique M. Bastien (“Mr. Guerrier and Ms. Bastien”) are married minority homeowners who reside at 38 Himoor Circle, Randolph, Massachusetts 02368.

9. Defendant, H&R Block, Inc., offered a full range of home mortgage services through its direct and indirect subsidiaries, Option One Mortgage Corporation and H&R Block Mortgage Corporation. H&R Block, Inc. is headquartered at One H&R Block Way, Kansas City, Missouri 64105.

10. On or about May 1, 2006, Defendant, H&R Block Bank, a Federal Savings Bank, Member FDIC, commenced operations, at which time H&R Block, Inc. became a savings and loan holding company. H&R Block Bank offers a variety of residential mortgage loan products.

11. For the purposes of this complaint, H&R Block, Inc. and H&R Block Bank will be collectively referred to as “H&R Block.”

12. Defendant, Option One Mortgage Company (“Option One”) is a wholly-owned subsidiary of H&R Block, Inc. Option One was primarily a wholesale mortgage lender and offered its services through its branches and a national network of mortgage brokers until December 2007, when H&R Block, Inc. terminated Option One’s loan origination business. Option One maintains a principal place of business at 3 Ada, Irvine, California 92618 and although it is not making new loans, continues its servicing and collection operations.

13. Defendant, H&R Block Mortgage Corp. (“H&R Block Mortgage”) is a wholly-owned subsidiary of H&R Block, Inc. H&R Block Mortgage was a retail mortgage lender

making direct-to-consumer loans nationwide until H&R Block, Inc. terminated H&R Block Mortgage's loan origination business in 2007. H&R Block Mortgage maintains a principal place of business located at 6561 Irvine Center Drive, Irvine, California 92616.

14. According to the Massachusetts Secretary of State's Office, H&R Block Mortgage Corp. changed its name to Option One Mortgage Services, Inc. on or about July 23, 2007.

FACTS

A. MORTGAGE LENDING IN THE UNITED STATES HISTORICALLY HAS DISCRIMINATED AGAINST MINORITIES

15. According to the Joint Center for Housing Studies at Harvard University's 2005 study called "The Dual Mortgage Market: The Persistence of Discrimination in Mortgage Lending," mortgage lending discrimination today is subtle but pervasive, with minority consumers continuing to have less-than-equal access to loans at the best price and on the best terms that their credit history, income, and other individual financial considerations merit more than three decades after the enactment of national fair lending legislation.

16. The passage of civil rights legislation and fair lending laws in the 1960s and 1970s brought an end to the most virulent forms of overt racial discrimination in the housing markets, but throughout the 1980s and 1990s, mortgage lenders found more subtle ways to discriminate, including maintaining offices only in white neighborhoods and engaging in practices such as redlining (refusing to lend on properties in predominantly minority neighborhoods).

17. After such redlining practices were challenged in the 1990s, mortgage lenders changed tactics once again, making loans to minorities, but charging higher interest rates and

loan-related fees than they charged to similarly-situated white borrowers. Loan data that mortgage lenders must now compile and disclose under the federal Home Mortgage Disclosure Act (“HMDA”) reveals profound loan pricing disparities between minority borrowers and similarly-situated white borrowers.

18. The HMDA requires mortgage lenders to report information about the home loans they process each year. In 2005, lenders reported information on more than 30 million home loan applications pursuant to HMDA. In 1989, Congress required lenders to begin disclosing information about mortgage borrowers’ race and ethnicity. In 2004, concerned with potential racial discrimination in loan pricing and recognizing that racial or other types of discrimination can occur when loan officers and mortgage brokers have latitude in setting interest rates, the Federal Reserve Board began requiring lenders to also report information concerning rates, points, and fees, charged to borrowers on high-cost loans.

19. According to the Federal Reserve, both 2004 and 2005 HMDA data revealed that “Blacks and minority borrowers were more likely . . . to have received higher-priced loans than non-minority whites. . . . [which has] increased concern about the fairness of the lending process.” Robert B. Avery, Kenneth P. Brevoort and Glenn B. Canner, “Higher-Priced Home Lending and the 2005 HMDA Data,” Federal Reserve Bulletin, A124, A159 (revised Sept. 18, 2006) (<http://www.federalreserve.gov/pubs/bulletin/2006/hmda/bull06hmda.pdf>) (last viewed December 19, 2007).

20. HMDA data for 2004 reveals profound loan pricing disparities between minority borrowers and non-minority whites even after controlling for borrowers’ gender, income, property location, and loan amount. After accounting for those differences in the 2004 HMDA data, minority borrowers were still almost twice as likely to receive a higher-rate home loan as

non-minority whites. (<http://www.responsiblelending.org/pdfs/Testimony-Ernst061306.pdf>) (last viewed December 19, 2007). In a speech last year, the Vice-Chairman of the Federal Deposit Insurance Corporation, Martin Gruenberg, discussed the 2004 HMDA data and observed that that data “clearly indicated” that minority borrowers are more likely to receive high-cost home loans than are non-minority whites.

(<http://www.fdic.gov/news/news/speeches/archives/2006/chairman/spoect1806.html>) (last viewed December 19, 2007).

21. Likewise, HMDA data for 2005 shows that “for conventional home-purchase loans, the gross mean incidence of higher-priced lending was 54.7 percent for blacks and 17.2 percent for non-minority whites, a difference of 37.5 percentage points.” Avery, supra, at A159. The situation is similar for refinancing, where there is a difference of 28.3 percentage points between blacks and non-minority whites. Id. at A124, A159.

22. The Association of Community Organizations for Reform Now (ACORN) released a report entitled “The High Cost of Credit: Disparities in High-priced Refinanced Loans to Minority Homeowners in 125 American Cities,” dated September 27, 2005, that found that “[i]n every metropolitan area where at least 50 refinances were made to African-American homeowners, African-Americans were more likely to receive a high-cost loan than White homeowners.”

23. A growing number of research studies and investigations show that significant racial disparities still exist. California Reinvestment Coalition, et al., “Paying More for the American Dream: A Multi-State Analysis of Higher Cost Home Purchase Lending” (March 2007) (http://www.nedap.org/pressroom/documents/2007_Report-2005_HMDA.pdf) (last viewed December 19, 2007); Ross, “The Continuing Practice and Impact of Discrimination”

(Revised July 2006) (Univ. of Connecticut, Working Paper 2005-19R)

(<http://www.econ.uconn.edu/working/2005-19r.pdf>) (last viewed December 19, 2007).

24. Moreover, and importantly, research studies have suggested that borrowers' credit profiles cannot fully explain why some borrowers, and not others, are saddled with higher cost loans. Researchers have raised "doubts that risk can adequately explain racial differences" in high-cost loans. Bradford, Center for Community Change, "Risk or Race? Racial Disparities and the Subprime Refinance Market" (May 2002)

(http://www.knowledgeplex.org/kp/report/report/refiles/cc_0729_risk.pdf) (last viewed December 19, 2007). In other words, evidence "suggests that weak borrower credit profiles do not fully explain why some borrowers get stuck with higher-cost home loans." California Reinvestment Coalition, et al., "Paying More for the American Dream: A Multi-State Analysis of Higher Cost Home Purchase Lending" (March 2007).

B. THE DEFENDANTS' DISCRETIONARY PRICING POLICY CONTINUES THE PERVASIVE DISCRIMINATION AGAINST MINORITIES IN MORTGAGE LENDING

25. Option One was one of the largest subprime mortgage-lending companies in the United States. Option One publicly promoted its home financing expertise by means of nationwide advertising campaigns. In its advertisements, Option One solicited persons to apply for financing with Option One either in one of its branch offices or through one of the mortgage brokers whom Option One had authorized to accept applications on its behalf.

26. H&R Block made home-mortgage loans directly to consumers through its subsidiary, H&R Block Mortgage.

27. Option One made home-mortgage loans - the majority of which were subprime loans - that were arranged by its loan officers and/or its network of mortgage brokers. Those

loans were made in reliance on Option One's credit-granting policies and with the participation of H&R Block.

28. Due to H&R Block's policies as to where to place its offices and how to market its products, minority borrowers were more likely than white borrowers to apply for credit from H&R Block through its sub-prime subsidiary Option One, or from an Option One authorized broker.

29. Because of the Discretionary Pricing Policy, loans obtained from Option One or Option One's network of brokers are more expensive, on average, than loans obtained directly from H&R Block or H&R Block Mortgage.

30. Based on the latest available Home Mortgage Disclosure Act ("HMDA") data from the Department of Housing and Urban Development, minority homeowners who borrowed from Option One were more likely than whites to have received a high-APR loan.

31. A high-APR loan is a loan whose APR is at least three percentage points higher than the interest rate on U.S. Treasury securities of the same maturity, at the time the loan was made.

32. While credit differences may explain some part of the disparities in rate and terms, the Defendants' Discretionary Pricing Policy accounts for a significant portion of the disparity.

33. The Defendants' Discretionary Pricing Policy is unrelated to a borrower's objective credit characteristics such as credit history, credit score, debt-to-income ratio and loan-to-value ratios and results in purely subjective charges that affect the rate otherwise available to borrowers.

34. Option One provided its loan officers and authorized mortgage brokers with substantial information about its loan programs, rates and credit criteria, as well as its policies for compensating its loan officers and mortgage brokers who arranged business for it.

35. Option One authorized certain mortgage brokers to accept applications on its behalf, to quote financing rates and terms (within the limitations set by H&R Block), to inform credit applicants of Option One's financing options and to originate finance transactions using H&R Block's forms, in accordance with its policies.

36. Option One provided its loan officers and brokers with credit applications, loan contracts and other required financing forms, as well as instructions on filling out such documents necessary to complete home mortgage transactions.

37. After a customer provided credit information to one of Option One's loan officers or brokers, Option One computed a financing rate through an objective credit analysis that, in general, discerned the creditworthiness of the customer.

38. These credit analyses considered numerous risk-related variables of creditworthiness, including credit bureau histories, payment amounts, debt ratio, bankruptcies, automobile repossessions, charge-offs, prior foreclosures, payment histories, credit score, debt-to-income ratios, loan-to-value ratios and other risk-related attributes or variables. On information and belief, Option One used these variables to determine a "mortgage score" for each credit applicant.

39. Based on these objective risk-related variables and the resulting mortgage score, Option One derived a risk-based financing rate at which it would provide a home mortgage, often called the "Par Rate." Alternatively, experienced Option One loan officers and brokers

estimated the risk-related Par Rate by referring to the applicant's credit bureau determined credit score.

40. Although Option One's initial analysis applied objective criteria to calculate this risk-related Par Rate, Option One then authorized a subjective component in its credit pricing system—the Discretionary Pricing Policy—to impose additional non-risk charges. On information and belief, the applicable Par Rates and authorized discretionary charges were communicated by Option One to its loan officers and brokers via regularly published "rate sheets." On information and belief, such rate sheets were published by Option One via intranet and internet.

41. The discretionary charges are paid by the customer as a component of the total finance charge (the "Contract APR"), without the homeowner knowing that a portion of their contract APR was a non-risk-related charge.

42. Loan officers and brokers had discretion, within the limits set by the Defendants, to impose discretionary mark-ups as additional points in interest—"a rate mark-up", or as points and fees on the loan. When there was a rate mark-up, the Defendants received additional income.

43. The Defendants' Discretionary Pricing Policy, by design, caused persons with identical or similar credit scores to pay different amounts for the cost of credit. As a result of using a subjective pricing component that is designed to charge persons with the same credit profiles different amounts of finance charge, the objective qualities of the initial credit analysis used to calculate the Par Rate are undermined and the potential for race bias became inherent in the transaction.

44. The Discretionary Pricing Policy, although facially neutral (insofar as the Defendants use the same or effectively the same policy for all credit applicants), had a disproportionately adverse effect on minorities compared to similarly situated whites in that minorities paid disparately more discretionary charges (both in frequency and amount) than similarly situated whites. Statistical analysis of discretionary charges imposed on minority and white customers of other mortgage companies that use credit pricing systems structured like that of Option One has revealed that minorities, after controlling for credit risk, are substantially more likely than similarly situated whites to pay such charges.

45. Loan officers and brokers are agents of Option One for the purpose of setting credit price, which always was set based on the Defendants' policy.

46. The disparate impact suffered by minorities is a direct result of the Defendants' Discretionary Pricing Policy in that the Defendants designed, disseminated, controlled, implemented and profited from the Discretionary Pricing Policy creating the disparate impact.

47. The Defendants have a non-delegable duty to ensure that their mortgage financing structure and policies do not have a disparate impact on legally protected classes, such as minorities. Despite having such a non-delegable duty, the Defendants chose to use, a commission-driven, subjective pricing policy that they knew or should have known had a significant and pervasive adverse impact on minority homeowners.

48. The disparities between the terms of the Defendants' transactions involving minority homeowners and the terms involving whites homeowners cannot be a product of chance and cannot be explained by factors unrelated to race, but, instead, are the direct causal result of the use of the discriminatory Discretionary Pricing Policy.

49. There are no legitimate business reasons justifying the Defendants' discriminatory Discretionary Pricing Policy that could not be achieved by a policy that has no discriminatory impact or a greatly reduced discriminatory impact.

C. THE DEFENDANTS' DISCRETIONARY PRICING POLICY DISCRIMATED AGAINST PLAINTIFFS

Facts Relating To The Barretts

50. Plaintiffs, Cecil Barrett Jr. and Cynthia Barrett reside at 965 Morton Street, Mattapan, Massachusetts 02126.

51. On or about January 16, 2004, the Barretts purchased their Mattapan home for approximately \$277,000.00.

52. On August 19, 2005, the Barretts refinanced their home loan with Option One.

53. The loan, (Loan No. 161044209) was a 30-year, adjustable rate loan with a disclosed APR of 8.653%. The loan amount was \$416,000.00. According to the note, the loan had a five-year fixed rate followed by a 25-year variable rate feature and was an interest only loan.

54. According to the HUD-One Settlement Statement, the Barretts paid \$21,641.08 in settlement charges in connection with the loan, including, a \$17,500 broker fee to Money-Wise Solutions ("Money-Wise"), an Option One authorized mortgage broker, a \$620.00 processing fee to Money-Wise, a \$650 underwriting fee to Option One and a \$50.00 funding fee to Option One.

55. True and correct copies of Truth-in-Lending disclosure and HUD-One Settlement Statement provided in connection with Loan No. 161044209 are attached hereto and labeled Exhibit 1 and Exhibit 2, respectively.

56. On April 6, 2006, the Barretts refinanced their Option One loan with a second Option One loan.

57. The second loan (Loan No. 161048049), which has a loan amount of \$500,000, is an adjustable rate loan with a balloon feature, providing for a final payment of \$344,113.90. The APR of the second loan was 10.536%.

58. According to the HUD-One Settlement Statement, the Barretts paid \$17,066.32 in settlement charges in connection with the second loan, including, a \$3,500 broker fee to Logic Mortgage & Finance (“Logic”), an Option One authorized mortgage broker, a \$595.00 processing fee to Logic, an \$850 underwriting fee to Option One, a \$50.00 funding fee to Option One and a \$7,500 loan origination fee to Option One.

59. True and correct copies of the Truth-in-Lending disclosure and HUD-One Settlement Statement provided in connection with Loan No. 161048049 are attached hereto and labeled Exhibit 3 and Exhibit 4, respectively.

60. According to credit reports available to Option One, Mr. Barrett had an average credit score of 681 and Ms. Barrett had an average credit score of 665 as of January 20, 2006.

61. At the time of the transactions, the Barretts had credit scores that would have qualified with many lenders for a mortgage in the prime-market. Instead, the Barretts received mortgages at sub-prime rates and on sub-prime terms.

62. On information and belief, unbeknownst to the Barretts, the contract APR on the mortgage loans were actually a combination of an objective, risk-based calculation and a totally subjective, discretionary component added pursuant to the Defendants’ Discretionary Pricing Policy.

63. On information and belief, the Barretts were subject to the Defendants’ Discretionary Pricing Policy.

64. On information and belief, the Barretts were charged a disproportionately greater amount in non-risk-related credit charges than similarly situated white persons.

Facts Relating To Mr. Guerrier And Ms. Bastien

65. Plaintiffs, Jean Blanco Guerrier and Angelique Bastien reside at 38 Himoor Circle, Randolph, Massachusetts 02368 with their teenaged son and daughter.

66. On or about April 28, 2006, Mr. Guerrier and Ms. Bastien purchased their Randolph home for approximately \$390,000 with Option One as the lender.

67. The loan, (Loan No. 161048878) is a 30-year adjustable rate loan with a disclosed APR of 10.844%. The loan amount was \$360,000. According to the note, the loan had a two-year fixed rate followed by a 28-year variable rate feature.

68. Mr. Guerrier and Ms. Bastien first discovered that the loan had an adjustable rate at the closing, but felt pressured to close because they had sold their previous home on the same day.

69. According to the HUD-One Settlement Statement, Mr. Guerrier and Ms. Bastien paid \$13,403.23 in settlement charges in connection with the loan, including, a \$6,040.00 broker fee to LEHI Mortgage Services, Inc. ("LEHI"), an Option One authorized mortgage broker, a \$570.00 processing fee to LEHI, a \$295.00 application fee to LEHI, an \$850 underwriting fee to Option One, a \$50.00 funding fee to Option One and a \$900 loan discount fee to Option One.

70. True and correct copies of the Truth-in-Lending disclosure and HUD-One Settlement Statement provided in connection with Loan No. 161048878 are attached hereto and labeled Exhibit 5 and Exhibit 6, respectively.

71. At the time of the transaction, Mr. Guerrier had a credit score that would have qualified with many lenders for a mortgage in the prime-market. Instead, Mr. Guerrier received a mortgage at sub-prime rates and on sub-prime terms.

72. On information and belief, unbeknownst to Mr. Guerrier and Ms. Bastien, the contract APR on the mortgage loans were actually a combination of an objective, risk-based calculation and a totally subjective, discretionary component added pursuant to the Defendants' Discretionary Pricing Policy.

73. On information and belief, Mr. Guerrier and Ms. Bastien were subject to the Defendants' Discretionary Pricing Policy.

74. On information and belief, Mr. Guerrier and Ms. Bastien were charged a disproportionately greater amount in non-risk-related credit charges than similarly situated white persons.

ALLEGATIONS OF NON-DISCLOSURE – FRAUDULENT CONCEALMENT
(TOLLING)

75. The causes of action alleged herein accrued upon discovery of the discriminatory impact of the Defendants' Discretionary Pricing Policy. Plaintiffs and members of the Class did not discover and could not have discovered through the exercise of reasonable diligence the factual bases of those claims. Indeed, the data forming the basis of Plaintiffs' claims only recently was released and analyzed in a comprehensive manner. Moreover, because the Defendants knowingly and actively concealed the facts alleged herein, Plaintiffs and the Class have been kept ignorant of vital information essential to the pursuit of these claims, without any fault or lack of diligence on their part.

76. Commission-driven, discretionary pricing systems, such as those used in the mortgage industry and structurally similar to the system utilized by the Defendants, have been

found to produce significant discriminatory effects. Knowledge concerning the significant and pervasive discriminatory impact of such commission-driven, discretionary credit pricing systems has been widely circulated within the financing industry for several years, as a result of numerous actions by the United States Department of Justice and federal regulatory agencies. *See*, Facts, section A *supra*. Thus, the Defendants knew or should have known that their credit pricing system causes minority homeowners to pay more for mortgage financing than the amounts paid by white customers with identical or effectively identical credit scores.

77. Despite the fact that the Defendants knew or should have known of the discriminatory effect of their Discretionary Pricing Policy, none of the loan documents inform the customer that its finance rates ultimately are subjective and not based solely on risk-related characteristics.

78. The Defendants were and are under a continuous non-delegable duty to disclose to the Plaintiffs and Class material information regarding their loans. The fact that certain loan terms are subjective and discretionary is information a reasonable borrower would consider important when deciding whether to accept the loan and on what terms. The fact that the subjective and discretionary components result in a disparate impact on minority is also information a reasonable minority borrower would consider important.

79. The Defendants failed to disclose this information, however, and Plaintiffs and Class Members reasonably relied upon the Defendants' representation that terms of their loans would be based on their creditworthiness. The Defendants' financing documents falsely fostered the image that the Defendants offer competitive rates that objectively are set. However, the Defendants never disclosed to its credit applicants the fact that: (a) its credit rates are subjective and can vary significantly among persons with identical credit profiles; and (b) it had authorized

and provided a financial incentive to mortgage brokers to subjectively increase the credit rate above the rate otherwise available to the homeowner.

80. Due to the inherent nature of the Defendants' undisclosed Discretionary Pricing Policy and due to the Defendants' deception and concealment, the Defendants' minority customers had no way of knowing or suspecting: (a) the existence of the Defendants' subjective credit pricing policy; (b) that they were charged additional subjective credit charges; (c) that they were charged a disproportionately greater amount for their cost of credit than similarly situated white persons, and or (d) that any part of the loan price was negotiable. Thus, the Defendants are estopped from relying on any statutes of limitation in their defenses of this action.

CLASS ALLEGATIONS

81. Plaintiffs repeat and re-allege every allegation above as if set forth herein in full.

82. Plaintiffs sue on their own behalf and on behalf of a class of persons under Rules 23(a) and (b)(2) and (b)(3) of the Federal Rules of Civil Procedure.

83. This class action is brought pursuant to ECOA and the FHA by the individual named Plaintiffs on behalf of themselves and all minority consumers (the "Class") who obtained an Option One home mortgage loan in the United States between January 1, 2001 and the date of judgment in this action (the "Class Period") and who were subject to the Defendants' Discretionary Pricing Policy pursuant to which they paid discretionary points, fees or interest mark-ups in connection with their loan. The term "minority" refers to blacks and Hispanics as defined by federal law.

84. The phrase "Discretionary Pricing Policy" refers to the Defendants' policy of authorizing its loan officers and brokers to impose subjective, discretionary charges and interest mark-ups that are included in the finance charge loans they originate.

85. Plaintiffs do not know the exact size or identities of the proposed Class, since such information is in the exclusive control of the Defendants. Plaintiffs believe that the Class encompasses many thousands or tens of thousands of individuals who are dispersed geographically throughout the United States. Therefore, the proposed class is so numerous that joinder of all members is impracticable.

86. All members of the Class have been subject to and affected by the same Discretionary Pricing Policy. There are questions of law and fact that are common to the Class, and predominate over any questions affecting only individual members of the Class. These questions include, but are not limited to the following:

- a. the nature, scope and operations of Defendants' Discretionary Pricing Policy;
- b. whether H&R Block, Inc., H&R Block Bank, Option One, and H&R Block Mortgage are creditors under the ECOA because, for example, in the ordinary course of its business they participate in the decision as to whether or not to extend credit to consumers;
- c. whether the Defendants' Discretionary Pricing Policy is a facially neutral credit pricing system that has effected racial discrimination in violation of ECOA;
- d. whether there are statistically significant disparities between the amount of the discretionary charges imposed on minority persons and the amount of the discretionary charges imposed on white persons that are unrelated to creditworthiness;

- e. whether any legitimate business reason for the Discretionary Pricing Policy can be achieved by a credit pricing system less discriminatory in its impact;
- f. whether the Court can enter declaratory and injunctive relief; and
- g. the proper measure of disgorgement or damages.

87. The claims of the individual named Plaintiffs are typical of the claims of the Class and do not conflict with the interests of any other members of the Class in that both the Plaintiffs and the other members of the Class were subject to the same Discretionary Pricing Policy that disproportionately has affected minority homeowners.

88. The individual named Plaintiffs will fairly and adequately represent the interests of the Class. They are committed to the vigorous prosecution of the Class' claims and have retained attorneys who are qualified to pursue this litigation and have experience in class actions – in particular, consumer protection and discrimination actions.

89. A class action is superior to other methods for the fast and efficient adjudication of this controversy. A class action regarding the issues in this case does not create any problems of manageability.

90. In the alternative, Defendants have acted or refused to act on grounds generally applicable to the case, thereby making appropriate final injunctive relief or corresponding declaratory relief with respect to the Class as a whole.

COUNT I
DISCRIMINATION IN VIOLATION OF THE EQUAL CREDIT OPPORTUNITY ACT

91. Plaintiffs repeat and re-allege every allegation above as if set forth herein in full.

92. The Defendants are creditors as defined in ECOA, and in the ordinary course of its business, participated in the decision of whether or not to extend credit to the Plaintiffs, the proposed Class representatives herein, and all prospective Class members.

93. The Defendants designed, disseminated, controlled, implemented and profited from the discriminatory policy and practice alleged herein — the Discretionary Pricing Policy — which has had a disparate economic impact on minorities compared to similarly situated whites.

94. All actions taken by Option One's loan officers and authorized brokers were in accordance with the specific authority granted to them by Option One and were in furtherance of the Defendants' policies and practices.

95. As a result of the Defendants' Discretionary Pricing Policy, the Defendants have collected more in finance charges from minority borrowers than from similarly situated white persons, for reasons unrelated to credit risk.

96. The Defendants' Discretionary Pricing Policy violates the Equal Credit Opportunity Act.

97. Plaintiffs and prospective class members are aggrieved persons as defined in ECOA by virtue of having been subject to the Defendants' discriminatory, Discretionary Pricing Policy.

COUNT II
DISCRIMINATION IN VIOLATION OF THE FAIR HOUSING ACT

98. Plaintiffs repeat and re-allege every allegation above as if set forth herein in full.

99. The Defendants engaged in residential real estate-related transactions with respect to the Plaintiffs, the proposed Class representatives herein, and all prospective Class members.

100. The Defendants' Discretionary Pricing Policy has resulted in discrimination with respect to the Plaintiffs, the proposed Class representatives herein, and all prospective members of the Class.

101. As a result of the Defendants' Discretionary Pricing Policy, the Defendants have collected more in finance charges from minorities than from similarly situated white persons, for reasons unrelated to credit risk.

102. The Defendants' Discretionary Pricing Policy violates the Fair Housing Act and constitutes actionable discrimination on the basis of race.

103. Plaintiffs and the Class are aggrieved persons as defined in FHA by virtue of having been subject to the Defendants' discriminatory, Discretionary Pricing Policy.

PRAYER FOR RELIEF

WHEREFORE, the Plaintiffs respectfully request the following relief:

- a. Certify this case as a class action and certify the named Plaintiffs herein to be adequate class representatives and their counsel to be class counsel;
- b. Enter a judgment, pursuant to 15 U.S.C. §1691e(c) and/or 42 U.S.C. §3613, declaring the acts and practices of Defendants complained of herein to be in violation of ECOA and the FHA;
- c. Grant a permanent or final injunction, pursuant to 15 U.S.C. 1691e(c) and/or 42 U.S.C. §3613(c), enjoining the Defendants, and the Defendants' agents and employees, affiliates and subsidiaries, from continuing to discriminate against Plaintiffs and the members of the Class because of their race through further use of the Discretionary Pricing Policy or any other non-risk-related discretionary pricing policy employed by the Defendants;
- d. Order the Defendants, pursuant to 15 U.S.C. §1691e(c) and/or 42 U.S.C. §3613(c), to adopt and enforce a policy that requires appropriate training of the Defendants' employees and its brokers and correspondent lenders to prevent discrimination;

- e. Order the Defendants, pursuant to 15 U.S.C. §1691e(c) and/or 42 U.S.C. §3613(c), to monitor and/or audit the racial pattern of its financings to ensure the cessation of discriminatory effects in its home mortgage transactions;
- f. Order disgorgement, pursuant to 15 U.S.C. §1691e(c), of all disproportionate non-risk charges imposed on minorities by the Defendants' Discretionary Pricing Policy; and order the equitable distribution of such charges to all appropriate class members; together with other relief for unjust enrichment;
- g. Order actual and punitive damages and/or restitution to the Plaintiffs and the Class pursuant to 42 U.S.C. § 3613(c);
- h. Award Plaintiffs the costs of this action, including the fees and costs of experts, together with reasonable attorneys' fees, pursuant to 15 U.S.C. § 1691e(d) and/or 42 U.S.C. § 3613(c); and
- i. Grant Plaintiffs and the Class such other and further relief as this Court finds necessary and proper.

JURY TRIAL DEMANDED

Plaintiffs demand a trial by jury on all issues so triable.

Respectfully submitted,
On behalf of the Plaintiffs,

/s/ Gary Klein

Gary Klein

Gary Klein (BBO # 560769)
Shennan Kavanagh (BBO # 655174)
RODDY KLEIN & RYAN
727 Atlantic Avenue
Boston, MA 02111-2810
Telephone: (617) 357-5500 ext. 15

Facsimile: (617) 357-5030

Stuart Rossman (BBO # 430640)
Charles Delbaum (BBO # 543225)
NATIONAL CONSUMER LAW CENTER
77 Summer Street, 10th Flr.
Boston, MA 02141
Telephone: (617) 542-8010
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Thomas M. Sobol (BBO # 471770)
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HAGENS BERMAN SOBOL SHAPIRO LLP
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Matthew E. VanTine
Lori A. Fanning
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115 South LaSalle Street, Suite 2910
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Samuel H. Rudman
Robert M. Rothman
Mark S. Reich
LERACH COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
58 South Service Road, Suite 200
Melville, NY 11747
Telephone: (631) 367-7100
Facsimile: (631) 367-1173

Dated: February 1, 2008

EXHIBIT 1

FEDERAL TRUTH-IN-LENDING DISCLOSURE STATEMENT

(REAL ESTATE)

Provisions preceded by a box (☐), are applicable only if the box is marked.

☐ PRELIMINARY ☒ FINAL

LENDER (Creditor): Option One Mortgage Corporation
100 Foxborough Blvd., Suite 125
Foxborough, MA 02035

Borrower(s) Name(s): CECIL BARRETT
CYNTHIA BARRETT

Address: 965 MORTON ST
MATTAPAN, MA 02126-2657
Property Address: 965 MORTON ST
MATTAPAN, MA 02126-2657

Loan Type: CONVENTIONAL
Loan Program: 971

Table with 4 columns: ANNUAL PERCENTAGE RATE, FINANCE CHARGE, AMOUNT FINANCED, TOTAL OF PAYMENTS. Values include 8.653%, \$812,251.56, \$395,873.64, and \$1,208,125.20.

YOUR PAYMENT SCHEDULE WILL BE:

Table with 3 columns: NUMBER OF PAYMENTS, AMOUNT OF PAYMENTS, WHEN PAYMENTS ARE DUE. Details include 60 payments of \$2,322.67 and 300 payments of \$3,562.55.

VARIABLE RATE:

☒ This transaction is subject to a Variable-Rate Feature. Disclosures about Variable-Rate Feature have been provided to you earlier.

The current index used for this calculation is 4.030%

SECURITY:

You are giving a security interest in the Property located at: 965 MORTON ST
MATTAPAN, MA 02126-2657

LATE CHARGE:

If you are more than FIFTEEN days late in making any payment, you will pay a late charge of...
☐ the lesser of ☐ the greater of ☒ an amount equal to ☐ \$ 3.000 %

INSURANCE:

You may obtain property insurance from anyone you want that is acceptable to Lender.

FILING/RECORDING FEE:

☒ \$ 285.00

PREPAYMENT:

If you pay off early, you
☐ may ☒ will not have to pay a fee.
☐ may ☒ will not be entitled to a refund of part of the finance charge.

ASSUMPTION:

Someone buying your home,
☐ cannot assume the remainder of the mortgage on the original terms.
☒ may, subject to conditions, be allowed to assume the remainder of the mortgage on the original terms.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, prepayment refunds and penalties, and creditor's policy regarding assumption of the obligation.

"e" means estimate

☐ Please refer to the "Good Faith Estimate" for an Itemization of Amount Financed. ☒ Please refer to the Itemization of Amount Financed Statement.

I/We have received and read a copy of this disclosure and the documents referred to in this disclosure.

Cecil Barrett 8/19/05 Borrower Date
Cynthia D. Barrett 8/19/05 Borrower Date

EXHIBIT 2

A. U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT SETTLEMENT STATEMENT		B. TYPE OF LOAN:				
		1. <input type="checkbox"/> FHA	2. <input type="checkbox"/> FmHA	3. <input checked="" type="checkbox"/> CONV. UNINS.	4. <input type="checkbox"/> VA	5. <input type="checkbox"/> CONV. INS.
		6. FILE NUMBER: 20050814987			7. LOAN NUMBER: 161044209	
8. MORTGAGE INS CASE NUMBER:						
C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "POC" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.						
D. NAME AND ADDRESS OF BORROWER: Cecil Barrett and Cynthia Barrett 965 Morton Street Mattapan, MA 02126		E. NAME AND ADDRESS OF SELLER: <div style="font-size: 2em; opacity: 0.5; border: 1px solid black; border-radius: 50%; padding: 10px; display: inline-block;">COPY</div>		F. NAME AND ADDRESS OF LENDER: Option One Mortgage Corp 100 Foxborough Blvd, STE 125 Foxborough, MA 02035		
G. PROPERTY LOCATION: 965 Morton Street Mattapan, MA 02126 Suffolk County, Massachusetts		H. SETTLEMENT AGENT: 20-2437091 Toce & Associates, LLC PLACE OF SETTLEMENT 137 Main Street Wethersfield, CT 06109		I. SETTLEMENT DATE: August 19, 2005 Disburse:08/24/05		
J. SUMMARY OF BORROWER'S TRANSACTION			K. SUMMARY OF SELLER'S TRANSACTION			
100. GROSS AMOUNT DUE FROM BORROWER:			400. GROSS AMOUNT DUE TO SELLER:			
101. Contract Sales Price			401. Contract Sales Price			
102. Personal Property			402. Personal Property			
103. Settlement Charges to Borrower (Line 1400) 54,790.08			403.			
104. Payoff Mortgage to Aegis Mortgage Corporation 353,168.37			404.			
105.			405.			
<i>Adjustments For Items Paid By Seller in advance</i>			<i>Adjustments For Items Paid By Seller in advance</i>			
106. City/Town Taxes to			406. City/Town Taxes to			
107. County Taxes to			407. County Taxes to			
108. Assessments to			408. Assessments to			
109.			409.			
110.			410.			
111.			411.			
112.			412.			
120. GROSS AMOUNT DUE FROM BORROWER 407,958.45			420. GROSS AMOUNT DUE TO SELLER			
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER:			500. REDUCTIONS IN AMOUNT DUE TO SELLER:			
201. Deposit or earnest money			501. Excess Deposit (See Instructions)			
202. Principal Amount of New Loan(s) 416,000.00			502. Settlement Charges to Seller (Line 1400)			
203. Existing loan(s) taken subject to			503. Existing loan(s) taken subject to			
204.			504. Payoff First Mortgage			
205.			505. Payoff Second Mortgage			
206.			506.			
207.			507.			
208.			508.			
209.			509.			
<i>Adjustments For Items Unpaid By Seller</i>			<i>Adjustments For Items Unpaid By Seller</i>			
210. City/Town Taxes to			510. City/Town Taxes to			
211. County Taxes to			511. County Taxes to			
212. Assessments to			512. Assessments to			
213.			513.			
214.			514.			
215.			515.			
216.			516.			
217.			517.			
218.			518.			
219.			519.			
220. TOTAL PAID BY/FOR BORROWER 416,000.00			520. TOTAL REDUCTION AMOUNT DUE SELLER			
300. CASH AT SETTLEMENT FROM/TO BORROWER:			600. CASH AT SETTLEMENT TO/FROM SELLER:			
301. Gross Amount Due From Borrower (Line 120) 407,958.45			601. Gross Amount Due To Seller (Line 420)			
302. Less Amount Paid By/For Borrower (Line 220) (416,000.00)			602. Less Reductions Due Seller (Line 520)			
303. CASH (FROM) (X TO) BORROWER 8,041.55			603. CASH (TO) (FROM) SELLER 0.00			

The undersigned hereby acknowledge receipt of a completed copy of pages 1&2 of this statement & any attachments referred to herein.

Borrower _____
 Cecil Barrett

 Cynthia Barrett

Seller

700. TOTAL COMMISSION Based on Price \$ @ %			PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLER'S FUNDS AT SETTLEMENT
<i>Division of Commission (line 700) as Follows:</i>				
701. \$	to			
702. \$	to			
703. Commission Paid at Settlement				
704.	to			
800. ITEMS PAYABLE IN CONNECTION WITH LOAN				
801. Loan Origination Fee	% to			
802. Loan Discount	% to			
803. Credit Report Fee	to Money-Wise Solutions		14.72	
804. Processing Fee	to Money-Wise Solutions		620.00	
805. Broker Fee	to Money-Wise Solutions		17,500.00	
806. Tax Service Contract	to Fidelity National Tax Service		65.00	
807. Funding Fee	to Option One Mortgage Corp		50.00	
808. Underwriting Fee	to Option One Mortgage Corp		650.00	
809. Flood Search Fee	to First American Flood Data Services		12.00	
810.				
811.				
812. Payoff CC	to Chase NA		9,841.00	
813. Payoff CC	to Chase		6,545.00	
814. Payoff CC	to WF Fin Bank		6,224.00	
815. Payoff CC	to Citi		5,586.00	
816. Payoff CC	to MBNA America		4,953.00	
817.				
818.				
819.				
820.				
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE				
901. Interest From 08/24/05 to 09/01/05 @ \$ 77.420000/day (8 days %)			619.36	
902. Mortgage Insurance Premium for months to				
903. Hazard Insurance Premium for 1.0 years to Merrimack Mutual Insurance Co.				
904.				
905. Taxes due 8/1/2005 to City of Boston			POC \$689.94	
1000. RESERVES DEPOSITED WITH LENDER				
1001. Hazard Insurance	months @ \$	per month		
1002. Mortgage Insurance	months @ \$	per month		
1003. City/Town Taxes	months @ \$	per month		
1004. County Taxes	months @ \$	per month		
1005. Assessments	months @ \$	per month		
1006.	months @ \$	per month		
1007.	months @ \$	per month		
1008.	months @ \$	per month		
1100. TITLE CHARGES				
1101. Settlement or Closing Fee	to			
1102. Abstract or Title Search	to			
1103. Title Examination	to Toce & Associates, LLC		175.00	
1104. Title Insurance Binder	to			
1105. Document Preparation	to			
1106. Notary Fees	to			
1107. Attorney's Fees	to Toce & Associates, LLC		550.00	
<i>(includes above item numbers:)</i>				
1108. Title Insurance	to Tigor Title Insurance Company		1,040.00	
<i>(includes above item numbers:)</i>				
1109. Lender's Coverage	\$ 416,000.00	1,040.00		
1110. Owner's Coverage	\$			
1111.				
1112.				
1113.				
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES				
1201. Recording Fees: Deed \$; Mortgage \$ 175.00; Releases \$			175.00	
1202. City/County Tax/Stamps: Deed ; Mortgage				
1203. State Tax/Stamps: Deed ; Mortgage				
1204.				
1205. Discharge Tracking&Recording to Toce & Associates, LLC			110.00	
1300. ADDITIONAL SETTLEMENT CHARGES				
1301. Survey	to			
1302. Pest inspection	to			
1303. Courier Fee	to Toce & Associates, LLC		50.00	
1304. Wire Fee	to Toce & Associates, LLC		10.00	
1305.				
1400. TOTAL SETTLEMENT CHARGES (Enter on Lines 103, Section J and 502, Section K)			54,790.08	

By signing page 1 of this statement, the signatories acknowledge receipt of a completed copy of page 2 of this two page statement.

Toce & Associates, LLC, Settlement Agent

Certified to be a true copy.

EXHIBIT 3

FEDERAL RESERVE BOARD DISCLOSURE STATEMENT

(REAL ESTATE)

Provisions proceeded by a box (), are applicable only if the box is marked.

PRELIMINARY FINAL

LENDER (Creditor): Option One Mortgage Corporation
100 Foxborough Blvd., Suite 125
Foxborough, MA 02035

Borrower(s) Name(s): CECIL BARRETT
CYNTHIA BARRETT

Address: 965 MORTON ST
MATTAPAN, MA 02126-2657
Property Address: 965 MORTON ST
MATTAPAN, MA 02126-2657

Loan Type: CONVENTIONAL
Loan Program: 636

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after you have made all payments as scheduled.
10.536 %	\$1,513,253.91	\$484,997.40	\$1,998,251.31

YOUR PAYMENT SCHEDULE WILL BE:

NUMBER OF PAYMENTS	AMOUNT OF PAYMENTS	WHEN PAYMENTS ARE DUE
24 payments of \$2,927.28	monthly, beginning Jun 01, 2006	
6 payments of \$4,024.46	monthly, beginning Jun 01, 2008	
6 payments of \$4,407.54	monthly, beginning Dec 01, 2008	
323 payments of \$4,747.03	monthly, beginning Jun 01, 2009	
1 payment of \$344,113.90	on May 01, 2036	

VARIABLE RATE:

This transaction is subject to a Variable-Rate Feature. Disclosures about Variable-Rate Feature have been provided to you earlier.

The current index used for this calculation is 5.160%

SECURITY:

You are giving a security interest in the Property located at: 965 MORTON ST
MATTAPAN, MA 02126-2657

LATE CHARGE:

If you are more than FIFTEEN days late in making any payment, you will pay a late charge of
 the lesser of the greater of an amount equal to \$ 3.000 %
of the overdue payment of principal and interest.

INSURANCE:

You may obtain property insurance from anyone you want that is acceptable to Lender.

FILING/RECORDING FEE:

\$ 398.00

PREPAYMENT:

If you pay off early, you
 may will not have to pay a fee.
 may will not be entitled to a refund of part of the finance charge.

ASSUMPTION:

Someone buying your home,
 cannot assume the remainder of the mortgage on the original terms.
 may, subject to conditions, be allowed to assume the remainder of the mortgage on the original terms.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, prepayment refunds and penalties, and creditor's policy regarding assumption of the obligation.

"e" means estimate

Please refer to the "Good Faith Estimate" for an Itemization of Amount Financed. Please refer to the Itemization of Amount Financed Statement.

I/We have received and read a copy of this disclosure and the documents referred to in this disclosure.

Borrower CECIL BARRETT Date Borrower Date

Borrower CYNTHIA BARRETT Date Borrower Date

Borrower Date Borrower Date

EXHIBIT 4

A. Settlement Statement

U.S. Department of Housing
And Urban Development

OMB Approval No. 2502-0265

B. Type of Loan

Conv. Unins.	6. File Number: LF-1003	7. Loan Number: 161048049	8. Mortgage Ins. Case No.:
--------------	----------------------------	------------------------------	----------------------------

C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)*" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. Name and Address of Borrower: Cecil Barrett, Jr. & Cynthia Barrett, 965 Morton Street, Mattapan, MA 02126	F. Name and Address of Lender: OPTION ONE MORTGAGE PO Box 949 Orange, CA, 92856
--	---

E. Name and Address of Seller:

Seller's TIN#:	H. Settlement Agent: BUONICONTI LAW OFFICES Place of Settlement: 40 Accord Park Drive, Norwell, MA 02061 City/Cnty of Settlement: Norwell/Plymouth	Tin #: 04-3218780 I. Settlement Date: April 6, 2006
C. Property Location: 965 Morton Street Mattapan, MA 02126		

J. Summary of Borrower's Transaction		K. Summary of Seller's Transaction	
100. Gross Amount Due From Borrower		400. Gross Amount Due to Seller	
101. Contract Sales Price	\$0.00	401. Contract Sales Price	
102. Personal Property		402. Personal Property	
103. Settlement Charges to borrower (line 1400)	\$17,066.32	403.	
104. Payoff 1. Option One Mortgage Cooperation	\$419,245.13	404.	
105. Payoff 2. City of Boston	\$206.74	405.	
Adjustments for items paid by seller in advance		Adjustments for items paid by seller in advance	
106. City/Town taxes to		406. City/Town taxes to	
107. County Taxes to		407. County Taxes to	
108. Assessments to		408. Assessments to	
109. Schedule "A"	\$7,126.00	409.	
110. Chase	\$6,316.00	410.	
111.		411.	
112.		412.	
120. Gross Amount Due From Borrower	\$449,960.19	420. Gross Amount Due to Seller	
200. Amounts Paid By Or In Behalf Of Borrower		500. Reductions In Amount Due to Seller	
201. Deposit or earnest money		501. Excess deposit (see instructions)	
202. Principal amount of new loan(s)	\$500,000.00	502. Settlement Charges to seller (line 1400)	
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204.		504. Payoff 1.	
205.		505. Payoff 2.	
206.		506. to	
207.		507. to	
208.		508. to	
209.		509. to	
Adjustments for items unpaid by seller		Adjustments for items unpaid by seller	
210. City/town taxes to		510. City/town taxes to	
211. County Taxes to		511. County Taxes to	
212. Assessments to		512. Assessments to	
213.		513.	
214.		514.	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. Total Paid By/For Borrower	\$500,000.00	520. Total Reduction Amount Due Seller	
300. Cash At Settlement From/To Borrower		600. Cash At Settlement To/From Seller	
301. Gross amount due from borrower (line 120)	\$449,960.19	601. Gross amount due to seller (line 420)	
302. Less Amount paid by/for borrower (line 220)	(\$500,000.00)	602. Less amount paid by/for seller (line 520)	
303. CASH TO BORROWER:	\$50,039.81	603. CASH FROM SELLER:	

SUBSTITUTE FORM 1099 SELLER STATEMENT: The information contained in Blocks E,G,H and I and on line 401 (or if line 401 is asterisked, lines 403 and 404) is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction will be imposed on you, if this item is required to be reported and the IRS determines that it has not been reported.

SELLER INSTRUCTIONS: If this real estate was your principal residence, file Form 2110. Sale or Exchange of Principal Residence, for any gain, with your income tax return; for other transactions, complete the applicable parts of Form 4797, Form 8252 And/or Schedule D (Form 1040). You are required by law to provide (see Box H) with your correct taxpayer identification number. If you do not provide [see box H] with your correct taxpayer identification number, you may be subject to civil or criminal penalties imposed by law, and under penalties of perjury, I certify that the number shown on this statement is my correct taxpayer identification number.

700. Total Sales/Broker's Commission based on Price \$0.00 @ % =		Borrowers	Sellers
Division of Commission (line 700) as follows:		Funds at Settlement	Funds at Settlement
701.	to		
702.	to		
703.	Commission paid at Settlement:		
704.			
800. Items Payable in Connection With Loan			
POC			
801.	Loan Origination fee 1.5 % OPTION ONE MORTGAGE		\$7,500.00
802.	Loan Discount %		
803.	Appraisal Fee to		
804.	Credit Report Fee to Logic Mortgage & Finance		\$17.72
805.	Processing Fee to Logic Mortgage & Finance		\$595.00
806.	Broker Fee to Logic Mortgage & Finance		\$3,500.00
807.	Underwriting Fee to Option One Mortgage Corporation		\$850.00
808.	Tax Certification Fee to FIDELITY NATIONAL TAX SERVICE		\$65.00
809.	Flood Certification Fee to AcuLink Mortgage Solutions		\$12.00
810.	Funding Fee to Option One Mortgage Corporation		\$50.00
811.	to		
812.	to		
813.	to		
814.	to		
815.	to		
900. Items Required By Lender To Be Paid In Advance			
901.	Interest from 4/1/2006 to 5/1/2006 @ 90.2800 /day 20 Days		\$1,805.60
902.	Mortgage insurance premium for mo. to		
903.	Hazard insurance premium for yrs. to		
904.	Flood Insurance yrs. to		
905.			
1000. Reserves Deposited With Lender			
1001.	Hazard Insurance months @ per month		
1002.	Mortgage Insurance months @ per month		
1003.	City property taxes months @ per month		\$0.00
1007.	months @ per month		
1008.	Aggregate Accounting Adjustment		
1100. Title Charges			
1101.	Settlement or closing fee to		
1102.	Abstract or title search to		
1103.	Title examination to Buoniconti & Buoniconti Law Offices		\$200.00
1104.	Title insurance binder to		
1105.	Document preparation to		
1106.	Notary fees to		
1107.	Attorney's fees to Buoniconti & Buoniconti Law Offices		\$550.00
(includes the above items Numbers:)			
1108.	Title insurance to Commonwealth Land Title Insurance Company		\$1,250.00
(Includes the above item numbers: :)			
1109.	Lender's coverage \$500,000.00 L Prem: \$1,250.00 Endorsement:		
1110.	Owner's coverage \$0.00 O Prem:		
1111.	Discharge Tracking to B&B Law Offices		\$75.00
1112.	Obtain O/S Discharge to B&B		\$100.00
1113.	Title Ins. Commission to Title Agent \$1,000.00 to		
1200. Government Recording and Transfer Charges			
1201.	Recording fees: Deed ; Mortgage \$177.00 ; Releases \$77.00		\$254.00
1202.	City/County/Stamps: Deed ; Mortgage		
1203.	State tax/stamps: Deed \$0.00 ; Mortgage		
1204.	Record Municipal Lien Certificate to Registry of Deeds		\$67.00
1205.	Obtain MLC to B&B Law Offices		\$25.00
1300. Additional Settlement Charges			
1301.	Survey to Affidavit to B&B Law Office		\$75.00
1302.	Pest inspection to		
1303.	Disbursement/courier to B&B Law Offices		\$75.00
1304.	to		
1305.	to		
1306.	to		
1307.	to		
1400.	Total Settlement Charges (enter on lines 103, Section J and 502 Section K)		\$17,066.32

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.

Borrowers _____ Sellers _____
 Cecil Barrett, Jr. _____
 Cynthia Barrett _____

The HUD-1 Settlement Statement which I have prepared is a true and accurate account of this transaction. I have caused or will cause the funds to be disbursed in accordance with this statement
 Settlement Agent: _____ Date: April 6, 2006
 Buoniconti & Buoniconti Law Offices, Inc.

EXHIBIT 5

Provisions preceded by a box (), are applicable only if the box is marked.

PRELIMINARY FINAL

LENDER (Creditor): Option One Mortgage Corporation
100 Foxborough Blvd., Suite 125
Foxborough, MA 02035

Borrower(s) Name(s): JEAN BLANCO GUERRIER

Address: 38 HIMOOR CIRCLE
RANDOLPH, MA 02368-
Property Address: 38 HIMOOR CIRCLE
RANDOLPH, MA 02368-

Loan Type: CONVENTIONAL
Loan Program: 691

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after you have made all payments as scheduled.
10.844 %	\$883,952.23	\$349,732.00	\$1,233,684.23

YOUR PAYMENT SCHEDULE WILL BE:

NUMBER OF PAYMENTS	AMOUNT OF PAYMENTS	WHEN PAYMENTS ARE DUE
24 payments of \$2,541.87 monthly,	beginning Jun 01, 2006	
6 payments of \$3,291.68 monthly,	beginning Jun 01, 2008	
329 payments of \$3,493.70 monthly,	beginning Dec 01, 2008	
1 payment of \$3,501.97 on	May 01, 2036	

VARIABLE RATE:

This transaction is subject to a Variable-Rate Feature. Disclosures about Variable-Rate Feature have been provided to you earlier.

The current index used for this calculation is 5.257%.

SECURITY:

You are giving a security interest in the Property located at: 38 HIMOOR CIRCLE
RANDOLPH, MA 02368-

LATE CHARGE:

If you are more than FIFTEEN days late in making any payment, you will pay a late charge of
 the lesser of the greater of an amount equal to \$ 3.000 %
of the overdue payment of principal and interest.

INSURANCE:

You may obtain property insurance from anyone you want that is acceptable to Lender.

FILING/RECORDING FEE:

\$ 300.00

PREPAYMENT:

If you pay off early, you
 may will not have to pay a fee.
 may will not be entitled to a refund of part of the finance charge.

ASSUMPTION:

Someone buying your home,
 cannot assume the remainder of the mortgage on the original terms.
 may, subject to conditions, be allowed to assume the remainder of the mortgage on the original terms.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, prepayment refunds and penalties, and creditor's policy regarding assumption of the obligation.
"e" means estimate

Please refer to the "Good Faith Estimate" for an Itemization of Amount Financed. Please refer to the Itemization of Amount Financed Statement.

I/We have received and read a copy of this disclosure and the documents referred to in this disclosure.

Borrower	JEAN BLANCO GUERRIER	Date	Borrower	Date
Borrower		Date	Borrower	Date
Borrower		Date	Borrower	Date

EXHIBIT 6

A. Settlement Statement OMB No. 2502-0265

B. Type of Loan: 1. FHA 2. FmHA 3. Conv. Unins. 4. VA 5. Conv. Ins

6. File Number 06-17319	7. Loan Number 161048878	8. Mortgage Insurance Case Number
-----------------------------------	------------------------------------	--

C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. NAME AND ADDRESS OF BORROWER: Jean Blanco Guerrier and Angelique M. Bastien
165 Harold Street # 2, Boston, Massachusetts 02121

E. NAME AND ADDRESS OF SELLER: Zewdu Ketema and Muluaem Eshete
38 Himoor Circle, Randolph, Massachusetts 02368

F. NAME AND ADDRESS OF LENDER: Option One Mortgage Corp.
100 Foxborough Blvd., Suite 1, Foxborough, Massachusetts 02035

G. PROPERTY LOCATION: 38 Himoor Circle, Randolph, Massachusetts 02368

H. SETTLEMENT AGENT: KLIMAN LAW OFFICES, P.C., 84 Rowe Street Newton, MA 02466

PLACE OF SETTLEMENT: Norfolk County ROD

I. SETTLEMENT DATE: April 28, 2006 **DISBURSEMENT DATE:** April 28, 2006

J. SUMMARY OF BORROWER'S TRANSACTION **K. SUMMARY OF SELLER'S TRANSACTION**

100. GROSS AMOUNT DUE FROM BORROWER		400. GROSS AMOUNT DUE TO SELLER:	
101. Contract sales price	\$400,000.00	401. Contract sales price	\$400,000.00
102. Personal property		402. Personal property	
103. Settlement charges to borrower (from Line 1400)	\$13,403.23	403.	
104.		404.	
105.		405.	

ADJUSTMENTS FOR ITEMS PAID BY SELLER IN ADVANCE:

106. City/town taxes 04/28/2006 to 06/30/2006	\$630.20	406. City/town taxes 04/28/2006 to 06/30/2006	\$630.20
107. County taxes to		407. County taxes to	
108. Assessments to		408. Assessments to	
109.		409.	
110.		410.	
111.		411.	
112.		412.	

120. GROSS AMOUNT DUE FROM BORROWER: \$414,033.43 **420. GROSS AMOUNT DUE TO SELLER:** \$400,630.20

200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER: **500. REDUCTIONS IN AMOUNT DUE TO SELLER:**

201. Deposit or earnest money	\$1,000.00	501. Excess deposit (see instructions)	
202. Principal amount of new loan(s)	\$360,000.00	502. Settlement charges to seller (Line 1400)	\$16,834.00
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204.		504. CitiMortgage, Inc-Payoff	\$156,839.40
205.		505. Sovereign Bank-Payoff	\$7,263.29
206.		506. Deposit Retained by R.E. Broker	\$1,000.00
207.		507.	
208.		508.	
209. Seller Credit to Borrower	\$9,954.40	509. Seller Credit to Borrower	\$9,954.40

ADJUSTMENTS FOR ITEMS UNPAID BY SELLER:

210. City/town taxes to		510. City/town taxes to	
211. County taxes to		511. County taxes to	
212. Assessments to		512. Assessments to	
213.		513.	
214.		514. 4th q FY2006 RE Taxes	\$896.07
215.		515.	
216.		516. Final Water and Sewer Bill	\$344.35
217.		517.	
218.		518.	
219.		519.	
220. TOTAL PAID BY/FOR BORROWER:	\$370,954.40	520. TOTAL REDUCTIONS AMOUNT DUE SELLER:	\$193,131.51

300. CASH AT SETTLEMENT FROM/TO BORROWER: **600. CASH AT SETTLEMENT TO/FROM SELLER:**

301. Gross amount due from borrower (Line 120)	\$414,033.43	601. Gross amount due to seller (Line 420)	\$400,630.20
302. Less amount paid by/for borrower (Line 220)	\$370,954.40	602. Less reductions in amount due seller (Line 520)	\$193,131.51
303. CASH (From/To) Borrower	\$43,079.03	603. CASH (From/To) Seller	\$207,498.69

We, the undersigned, identified in Section D hereof and Seller in Section E hereof, hereby acknowledge receipt of this completed Settlement Statement on April 28, 2006.

SELLER(S)

Zewdu Ketema

Muluaem Eshete

BORROWER(S)

Jean Blanco Guerrier

Angelique M. Bastien

L. SETTLEMENT CHARGES

		Paid From Borrower's Funds at Settlement	Paid From Seller's Funds at Settlement
700. TOTAL SALES/BROKERAGE COMMISSION BASED ON PRICE: \$400,000.00 @ 3.90% = \$15,600.00			
DIVISION OF COMMISSION (LINE 700) AS FOLLOWS:			
701. \$15,600.00	to Kierman, Inc., Realtors		
702.	to		
703. Commission paid at Settlement			\$14,600.00
704. Deposit Retained by R.E. Broker	\$1,000.00 p.o.c.		
800. ITEMS PAYABLE IN CONNECTION WITH LOAN:			
801. Loan Origination Fee 0.0000%	to		
802. Loan Discount 0.0000%	to Option One Mortgage Corporation	\$900.00	
803. Appraisal Fee	to		
804. Credit Report	to		
805. Flood Certification Fee	to AcuLink Mortgage Solutions	\$15.00	
806. Tax Service Contract	to Fidelity National Tax Service	\$65.00	
807. Processing Fee	to LEHI Mortgage Services, Inc.	\$570.00	
808. Application Fee	to LEHI Mortgage Services, Inc.	\$295.00	
809. Broker Fee	to LEHI Mortgage Services, Inc.	\$6,040.00	
810. Funding Fee	to Option One Mortgage Corporation	\$50.00	
811. Underwriting Fee	to Option One Mortgage Corporation	\$850.00	
812.	to		
813.	to		
814.	to		
815.	to		
816.	to		
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE:			
901. Interest from 04/28/2006	to 05/01/2006 at \$76.0000/Day 3 day(s)	\$228.00	
902. Mortgage Insurance Premium for 0 Months	to		
903. Hazard Insurance Premium for 0 Years	to		
904.	0 Years to		
905.	to		
1000. RESERVES DEPOSITED WITH LENDER:			
1001. Hazard Ins	0 months at per month to		
1002. Mortgage Ins	0 months at per month to		
1003. City Tax	2 months at \$285.12 per month to City/Town of Randolph, MA	\$570.24	
1004. County Tax	0 months at per month to		
1005. Assessments	0 months at per month to		
1006.	0 months at per month to		
1007.	0 months at per month to		
1008. Aggregate Adjustment		\$-0.01	
1100. TITLE CHARGES:			
1101. Settlement or closing fee	to		
1102. Abstract or title search	to Consolidated Titles	\$250.00	
1103. Title examination	to		
1104. Title insurance binder	to		
1105. Document preparation	to Kiliman Law Offices	\$350.00	
1106. Notary fees	to		
1107. Attorney's fees	to Kiliman Law Offices	\$295.00	
(includes above item numbers:)			
1108. Title Insurance	to Chicago Title Insurance Company	\$1,775.00	
(includes above item numbers:)	Equititle Services, Inc.		
1109. Lender's coverage \$360,000.00	@ \$990.00 \$1,242.50 to Burton S. Kiliman & Associates		
1110. Owner's coverage \$400,000.00	@ \$785.00 \$532.50 to Chicago Title Insurance Company		
1111.	to		
1112.	to		
1113. Closing Coordination Fee to Equititle Services, Inc.		\$350.00	
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES:			
1201. Recording fees:	Deed \$125.00 Mortgage \$175.00 Release(s) \$150.00	\$300.00	\$150.00
1202. City/county tax/stamps:	Deed Mortgage:		
1203. State tax/stamps:	Deed Mortgage:		\$1,824.00
1204. Rundown and Recording Fee	to Kiliman Law Offices	\$75.00	
1205. Order & Record Municipal Lie	to Kiliman Law Offices	\$90.00	
1300. ADDITIONAL SETTLEMENT CHARGES:			
1301. Mortgage Discharge	to Kiliman Law Offices		\$75.00
1302. Express Mail Fee	to Kiliman Law Offices	\$35.00	\$35.00
1303. Mortgage Plot Plan	to American Surveying	\$150.00	
1304. Declaration of Homestead	to Kiliman Law Offices	\$150.00	
1305. Deed Preparation	to Kiliman Law Offices		\$150.00
1306.	to		
1400. TOTAL SETTLEMENT CHARGES (Enter on Line 103, Sec. J-and-Line 502, Sec. K)		\$13,403.23	\$16,834.00

We, the undersigned, identified in Section D hereof and Seller in Section E hereof, hereby acknowledge receipt of this completed Settlement Statement (Pages 1 and 2) on April 28, 2006.

SELLER(S)

Zewdu Ketema

Mulualem Eshete

BORROWER(S)

Jean Blanco Guerrier

Angelique M. Bastien

The HUD-1 Settlement Statement which I have prepared is a true and accurate account of this transaction. I have caused or will cause the funds to be disbursed in accordance with this statement.

Settlement Agent: _____ Date: _____