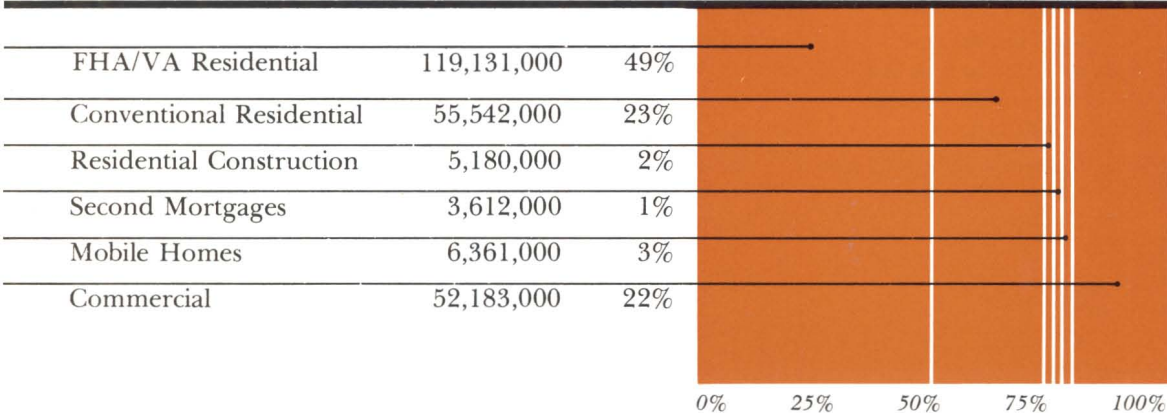


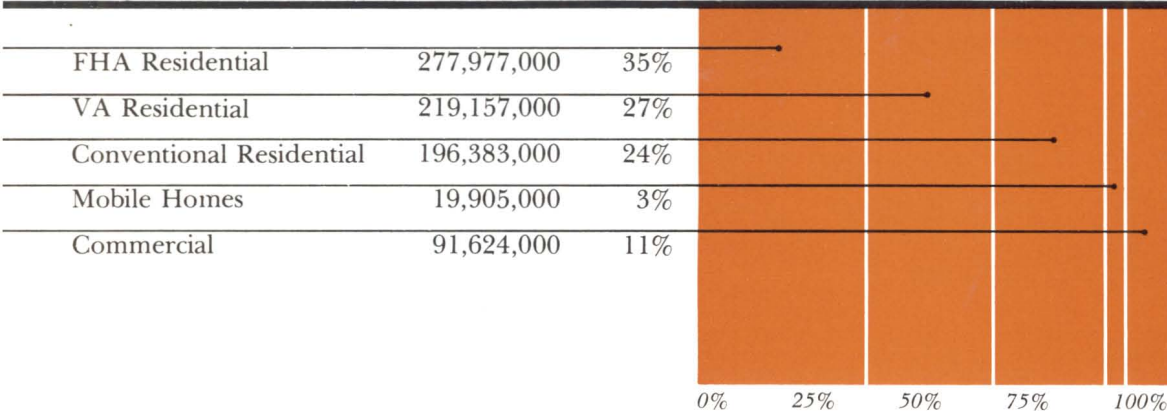
# FINANCIAL HIGHLIGHTS

	1978	1977	% Change
Operating Income	\$ 7,717,201	\$ 7,295,521	5.8
Operating Expenses	6,841,697	5,828,375	17.4
Net Income	606,504	788,334	-23.1
Total Loan Originations	242,009,000	205,900,000	17.5
Servicing Volume at Year End	\$ 805,046,000	\$ 675,000,000	19.3

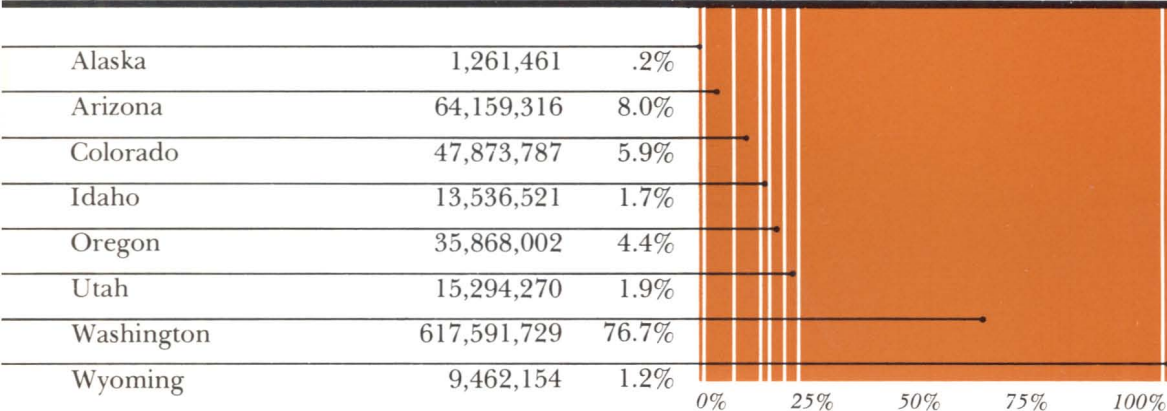
## 1978 LOAN ORIGINATIONS



## YEAR END SERVICING VOLUME by TYPE of LOAN



## YEAR END SERVICING VOLUME by STATE



1978 saw continued growth for Peoples Mortgage Company in loan originations and servicing volume. Originations increased 17.5% over the previous year and total servicing volume at year end was up 19.3%. Earnings, however, were down 23.1% from the record high of 1977 primarily as a result of reduced interest spread and marketing income associated with the origination and sale of residential loans.

One of the most significant developments during 1978 with respect to our residential loan production activities was the dramatic increase in conventional single family loan originations — up 49.2% over 1977. This

trend was consistent with the national mortgage market. Several of our loan origination offices exceeded last year's record levels of loan production. These included Salt Lake City, Portland, Denver, Boise, Vancouver and Renton, Washington.

Even with the industry shifting heavily toward conventional financing Peoples Mortgage was able to maintain or increase its volume of FHA/VA business in the various geographic market areas in which it competes. While our FHA/VA home loan volume was up only 5.5% the industry as a whole experienced a reduction in total government insured and guaranteed home loans.

As in previous years we continued as the leading FHA/VA residential lender in the Seattle area achieving

a 15.3% penetration of this increasingly competitive market.

Two additional residential loan origination offices were opened during 1978 — one in downtown Seattle and another in Everett, Washington. Both offices are strategically located to serve the increasing real estate lending needs of their respective communities.



# NET INCOME

Thousands of Dollars

78	606.5	
77		788.3
76	601.9	
75	475.0	
74	168.0	
73	115.2	
72	162.9	



Motel, Kirkland, WA



Office Building, Kent, WA



Office Building, Bellevue, WA



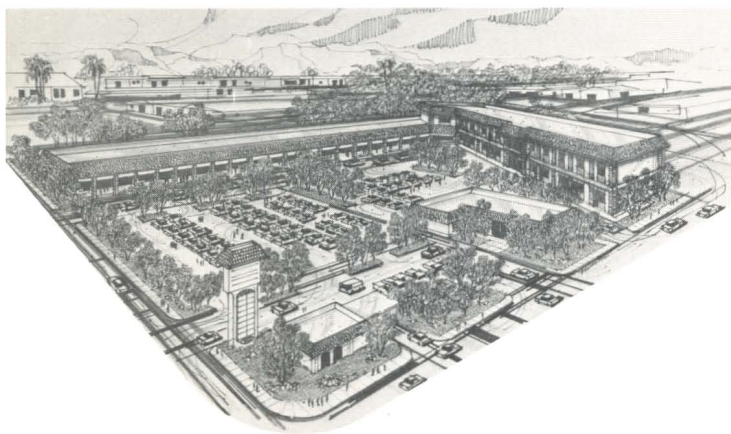
Office Building, Anchorage, Alaska



Mobile Home Park, Seattle, WA



Office Building, Las Vegas, Nevada



Shopping Center, Las Vegas, Nevada

Our Commerical Loan Department experienced another successful year in 1978. Total commerical loan originations were up 14.4% over 1977. Earnings for the department also increased significantly. In order to service the Oregon and southern Washington region more effectively a new commercial loan origination office was established in Portland.

Projects financed during the year represent a variety of types and were widely dispersed throughout the western United States including Hawaii and Alaska. A sampling of these projects includes a shopping center in Colorado Springs, an office building in Las

Vegas, a condominium development in Salt Lake City, a medical building in Seattle, an apartment project in Honolulu, a motel in Portland, and a family fitness center in a Seattle suburb.

Particular emphasis was placed on the utilization of several local and national government programs designed to assist in the housing of low income families and elderly citizens in both large and small communities.

Professionalism, innovation, and service to our customers and lenders were the major factors that contributed to a successful year in the commercial lending area.

With a servicing portfolio at year end of approximately 30,948 loans totaling over \$805 million, Peoples Mortgage Company ranks 62nd in size nationally

among all mortgage banking firms, up from 65th the previous year.

In viewing the challenges of 1979 and beyond we recognize the continuing need to improve our operating procedures and to sustain and strengthen our loan origination and administration capabilities in order to provide our customers and investors with efficient and professional service.



Dean M. Olson  
President



# LOANS SERVICED

Millions of Dollars

78	805.0
77	675.0
76	558.0
75	473.0
74	391.0
73	358.0
72	315.0



Motel, Tualatin, Oregon



Shopping Center, Colorado Springs, Colorado



Condominium , Tigard, Oregon



Office Building, Bellevue, WA



Medical Office Bldg., Anchorage, Alaska



Townhouse, Salt Lake City, Utah



Condominium, Everett, WA

American United Life Insurance Company Indianapolis, Indiana	Emigrant Savings Bank New York, New York	Ideal National Insurance Company Salt Lake City, Utah	Prudential Savings and Loan Association San Gabriel, California
Arlington Heights Federal Savings & Loan Arlington Heights, Illinois	Far West Federal Savings Portland, Oregon	The Lincoln Savings Bank New York, New York	Puget Sound Electrical Workers Seattle, Washington
Bank of California Seattle, Washington	Federal Home Loan Mortgage Corporation Los Angeles, California	Magyar Savings & Loan Association New Brunswick, New Jersey	Safeco Life Insurance Company Seattle, Washington
Bay Ridge Savings & Loan Association Brooklyn, New York	Federal Home Loan Mortgage Corporation of Dallas Dallas, Texas	Massachusetts Mutual Life Insurance Company Springfield, Massachusetts	Schenectady Savings Bank Schenectady, New York
Bell Federal Savings & Loan Association Chicago, Illinois	Federal National Mortgage Association Los Angeles, California	Metropolitan Federal Savings & Loan Fargo, North Dakota	Security National Bank Anchorage, Alaska
Buffalo Savings Bank Buffalo, New York	First Federal Savings & Loan of Great Falls Great Falls, Montana	Metropolitan Savings Bank Brooklyn, New York	The Seamen's Bank For Savings New York, New York
The Canada Life Assurance Company Toronto, Canada	First Federal Savings & Loan of Hammonton New Jersey Hammonton, New Jersey	Mid-Jersey Savings & Loan Association Dunnellen, New Jersey	State Farm Life Insurance Company Bloomington, Illinois
Canada Life Insurance Company of New York New York, New York	First Texas Financial Corporation Dallas, Texas	The Minnesota Mutual Life Insurance Company St. Paul, Minnesota	State of Alaska Juneau, Alaska
Cardinal Federal Savings & Loan Association Cleveland, Ohio	Financial Savings & Loan of San Francisco Marysville, California	National Life Insurance Company Montpelier, Vermont	State of Oregon Salem, Oregon
Central Savings Bank New York, New York	First Federal Savings & Loan Association of Anchorage Anchorage, Alaska	Northern Federal Savings & Loan Association St. Paul, Minnesota	State of Utah Salt Lake City, Utah
Coachella Valley Savings & Loan Association Palm Springs, California	First Texas Savings Association of Dallas Dallas, Texas	Northern National Life Insurance Company Bismarck, North Dakota	State of Washington Public Employees' Retirement Board Olympia, Washington
College Point Savings Bank College Point, New York	Fibre Federal Credit Union Longview, Washington	Old Stone Bank Providence, Rhode Island	Teachers State Bank Seattle, Washington
Columbia Savings Bank Denver, Colorado	Franklin Savings Bank New York, New York	Oregon Washington Employees Pension Fund Portland, Oregon	United Benefit Life Insurance Company Omaha, Nebraska
Carpenters Trust of Western Washington Seattle, Washington	General Security Life Company Seattle, Washington	Palomar Savings & Loan Association Escondido, California	United States Savings Bank of Newark, New Jersey Newark, New Jersey
Columbia Savings & Loan Association Woodhaven, New York	Government National Mortgage Association Los Angeles, California	Pacific Mutual Life Insurance Company Newport Beach, California	Universal Security Life Insurance Company Bellevue, Washington
Community Savings & Loan Association Long Beach, California	Great West Life Assurance Company Winnipeg, Manitoba, Canada	Permanent Savings Bank Niagara Falls, New York	Washington State Teachers' Retirement System Olympia, Washington
County Federal Savings & Loan Association Rockville Centre, New York	The Greater New York Savings Bank Brooklyn, New York	PM Life Insurance Company Armonk, New York	Washington State Finance Committee Olympia, Washington
Country Life Insurance Company Bloomington, Illinois	Home Federal Savings & Loan Association of Chicago Chicago, Illinois	PHA Companies Portland, Oregon	Washington Law Enforcement Officers' and Fire Fighters' Retirement Board Olympia, Washington
Down River Federal Savings & Loan Association Taylor, Michigan	Home Savings Bank of White Plains White Plains, New York	Peoples National Bank of Washington Seattle, Washington	West Side Federal Savings & Loan Association of New York New York, New York
	Humboldt Federal Savings & Loan Eureka, California	Provident Mutual Life Insurance Company Philadelphia, Pennsylvania	
	Idaho Housing Authority Boise, Idaho	Provident Life Insurance Company Bismarck, North Dakota	
	Institutional Securities Corporation New York, New York		



# LOAN ORIGINATIONS

Millions of Dollars

78	242.0
77	205.9
76	155.5
75	141.0
74	72.3
73	79.2
72	92.0



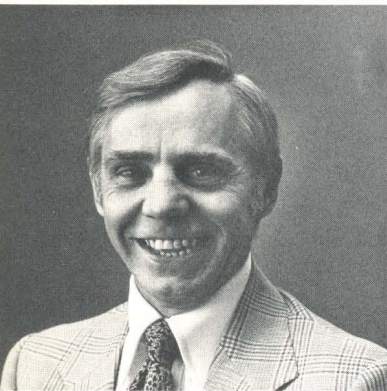
Fred C. Banks



Rick Keating



James H. McMahan



William H. Nyberg



Margie E. Patterson



Clifford A. Peterson





# STATEMENTS of CONSOLIDATED INCOME and RETAINED EARNINGS

PEOPLES MORTGAGE COMPANY and SUBSIDIARY

	Year Ended December 31	
	1978	1977
<b>INCOME:</b>		
Loan servicing fees — Note H	\$2,768,531	\$2,098,236
Loan origination and related fees	3,045,428	3,438,084
Interest on notes and mortgage loans	1,748,085	1,692,566
Other	155,157	66,635
<b>Total Operating Income</b>	<b>\$7,717,201</b>	<b>\$ 7,295,521</b>
<b>EXPENSES:</b>		
Salaries	3,380,393	2,778,320
Other employee benefits	473,198	364,735
Interest	732,352	625,495
Rent	397,530	243,184
Computer services (including \$228,015 and \$226,641 in 1978 and 1977, respectively, paid to parent) — Note H	310,853	272,490
Amortization of mortgage service acquisition costs — Note C	88,752	104,102
Provision for loan losses	86,865	120,765
Depreciation and amortization	82,123	53,058
Management fee to parent company — Note H	36,000	36,000
Other operating expenses	1,253,631	1,230,226
<b>Total Operating Expenses</b>	<b>\$6,841,697</b>	<b>\$5,828,375</b>
Income before income taxes	875,504	1,467,146
Federal and state taxes — Note E:		
Current provision for income taxes	238,625	706,556
Deferred charge (credit)	30,375	(27,744)
<b>Total federal and state taxes</b>	<b>269,000</b>	<b>678,812</b>
<b>Net Income</b>	<b>\$ 606,504</b>	<b>\$ 788,334</b>
Retained earnings at beginning of year	281,547	173,213
Dividends paid to parent	(395,000)	(680,000)
<b>Retained Earnings at End of Year</b>	<b>\$ 493,051</b>	<b>\$ 281,547</b>

See notes to consolidated financial statements.

# CONSOLIDATED BALANCE SHEETS

PEOPLES MORTGAGE COMPANY and SUBSIDIARY

	December 31	
	1978	1977
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 240,896	\$ 341,291
First mortgage loans in process or held for sale (less discounts of \$962,711 in 1978 and \$579,444 in 1977)	77,390,777	58,160,142
Accrued interest receivable	851,502	432,072
	<b>78,242,279</b>	<b>58,592,214</b>
Less loan participations sold to Peoples National Bank and subsidiaries — Note H	66,392,165	49,452,927
	<b>11,850,114</b>	<b>9,139,287</b>
Less reserve for loan losses	(180,000)	(180,000)
<b>Total first mortgage loans less reserve</b>	<b>11,670,114</b>	<b>8,959,287</b>
GNMA mortgage-backed security, at cost, less discount of \$41,702		1,958,298
Notes and accounts receivable	243,134	291,528
Prepaid expenses and deposits — Note E	649,853	428,019
<b>Total Current Assets</b>	<b>\$12,803,997</b>	<b>\$11,978,423</b>
<b>FIXED ASSETS</b>		
Furniture, automobiles and leasehold improvements (less allowances for depreciation and amortization of \$283,155 in 1978 and \$321,748 in 1977)	332,055	244,010
INVESTMENT IN FNMA STOCK, at cost (market value: 1978 — \$297,943; 1977 — \$352,193)	280,851	302,741
OTHER ASSET — Cost of purchased mortgage servicing less amortization — Note C	225,284	314,287
<b>Total Assets</b>	<b>\$13,642,187</b>	<b>\$12,839,461</b>
<b>LIABILITIES and STOCKHOLDER'S EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Commercial paper and other borrowings—Note D	\$10,647,698	\$ 9,767,858
Accrued interest payable	203,581	110,631
Accounts payable and accrued expenses	236,774	373,960
Amounts payable to parent for federal income taxes — Note E	294,006	635,773
Deferred loan fees	267,077	169,692
<b>Total Current Liabilities</b>	<b>\$11,649,136</b>	<b>\$11,057,914</b>
<b>STOCKHOLDER'S EQUITY</b>		
Common Stock, par value \$100 a share:		
Issued and outstanding 15,000 shares in 1978 and 1977	1,500,000	1,500,000
Retained earnings	493,051	281,547
<b>Total Stockholder's Equity</b>	<b>\$ 1,993,051</b>	<b>\$ 1,781,547</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>\$13,642,187</b>	<b>\$12,839,461</b>

See notes to consolidated financial statements.

# STATEMENTS of CHANGES in CONSOLIDATED FINANCIAL POSITION

PEOPLES MORTGAGE COMPANY and SUBSIDIARY

	Year Ended December 31	
	1978	1977
<b>SOURCE OF FUNDS</b>		
Net income	\$ 606,504	\$ 788,334
Charges to income not requiring funds:		
Depreciation and amortization	82,123	53,058
Amortization of mortgage service acquisition costs	88,752	104,102
<b>Total Funds Provided From Operations</b>	<b>\$ 777,379</b>	<b>\$ 945,494</b>
Sale of FNMA stock	21,890	
Other		1,161
<b>Total Sources of Funds</b>	<b>\$ 799,269</b>	<b>\$ 946,655</b>
<b>USE OF FUNDS</b>		
Acquisitions of fixed assets	169,917	147,806
Purchase of FNMA stock		15,440
Cash dividends paid	395,000	680,000
<b>Total Uses of Funds</b>	<b>\$ 564,917</b>	<b>\$ 843,246</b>
<b>Increase in Working Capital</b>	<b>\$ 234,352</b>	<b>\$ 103,409</b>
<b>CHANGES IN COMPONENTS OF WORKING CAPITAL</b>		
Increase (decrease) in current assets:		
First mortgage loans in process	19,230,635	13,619,053
Participations sold to Peoples National Bank and subsidiaries	(16,939,238)	(20,056,266)
<b>Net change in loans</b>	<b>\$ 2,291,397</b>	<b>\$(6,437,213)</b>
Cash	(100,395)	213,412
Real estate held for resale		(85,147)
Reserve for loan losses		(20,000)
Accrued interest receivable	419,430	65,683
GNMA securities	(1,958,298)	1,958,298
Notes and accounts receivable	(48,394)	62,638
Prepaid expenses and deposits	221,834	125,830
<b>Increase (decrease) in current assets</b>	<b>\$ 825,574</b>	<b>\$(4,116,499)</b>
Increase (decrease) in current liabilities:		
Commercial paper and other borrowings	879,840	(4,088,340)
Accrued interest payable	92,950	(78,248)
Accounts payable and accrued expenses	(137,186)	(173,812)
Amounts payable to parent for federal income taxes	(341,767)	150,800
Deferred loan fees	97,385	(30,308)
<b>Increase (decrease) in current liabilities</b>	<b>\$ 591,222</b>	<b>\$(4,219,908)</b>
<b>Increase in Working Capital</b>	<b>\$ 234,352</b>	<b>\$ 103,409</b>

See notes to consolidated financial statements.



# NOTES to CONSOLIDATED FINANCIAL STATEMENTS

## PEOPLES MORTGAGE COMPANY and SUBSIDIARY

### NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Peoples Mortgage Company is a wholly-owned subsidiary of Peoples National Bank of Washington. Peoples Mortgage Company follows generally accepted accounting principles and reporting practices applicable to the mortgage banking industry. Descriptions of significant accounting policies are set forth herein.

**Consolidation:** The consolidated financial statements include the accounts of Peoples Mortgage Company and its wholly-owned subsidiary, Western States Mortgage Company. The subsidiary operates in various states as an approved mortgagee for the purposes of originating mortgage loans. All significant intercompany accounts and transactions have been eliminated.

**Loans:** First mortgage loans in process are carried at the lower of cost or market value. Gains or losses resulting from the sale of loans are recorded as premiums earned when payment is received from the purchaser and the loans are delivered. Loans are stated at the principal amount outstanding. Interest income on simple interest loans is accrued monthly as earned except where doubt exists as to the collectibility of the loan in which case the accrual of income is discontinued.

**Loan Fees:** Loan origination fees are recorded as income when the initial loan disbursement is made except that construction loan fees are deferred and recognized in income over the combined initial commitment and construction period.

**Fixed Assets:** Furniture, automobiles, and leasehold improvements are carried at cost less accumulated

depreciation and amortization. Provisions for depreciation and amortization of fixed assets are made over their estimated useful lives as follows:

	Method	Years
Furniture	Declining balance	5-10
Automobiles	Straight-line	3
Leasehold improvements	Straight-line	(Life of lease)

Gains and losses on dispositions are reflected in current operations. Maintenance and repairs are expensed and betterments are capitalized.

**Investment:** In order to maintain the right to service Federal National Mortgage Association (FNMA)-owned loans, the Company is required to purchase FNMA securities. These securities are carried at the lower of cost or market determined at the date they are issued. Further, the Company is required to hold a minimum number of shares of FNMA securities based on the volume of loans serviced.

**Income Taxes:** The Company files a consolidated return with its parent. Accordingly, the provision for federal income taxes is based on financial reported income and amounts currently due are paid to the parent.

Investment tax credits realized on assets acquired by the Company are accounted for under the "flow-through" method which recognizes the benefit in the year in which the asset is placed in service.

### NOTE B—TRUST FUNDS

In connection with the servicing of mortgage loans, the company receives and disburses trust funds. Such trust funds and related liabilities not reflected in the accompanying balance sheets amount to \$8,119,816 in 1978 and \$7,915,458 in 1977.

### NOTE C—OTHER ASSETS

In prior years, the Company acquired nonaffiliated mortgage companies and the right to service their loan portfolio. The cost of the right to service the acquired loan portfolio is being amortized over its expected life.

### NOTE D—COMMERCIAL PAPER and OTHER BORROWINGS

Commercial paper and other borrowings at December 31 is comprised of the following:

	1978	1977
Commercial paper, generally payable from 90 to 180 days, at rates varying from 5 7/8% to 10% per annum during 1978 and 1977 (See Note H)	\$10,647,698	\$7,867,858
Other borrowings		1,900,000
	\$10,647,698	\$9,767,858

Other borrowings in 1977 were collateralized by a GNMA certificate with an outstanding balance of \$1,958,298 sold under a repurchase agreement with interest at 6.85% and maturing January 31, 1978.

# NOTES to CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

## PEOPLES MORTGAGE COMPANY and SUBSIDIARY

### NOTE E—INCOME TAXES

A reconciliation between the statutory and effective federal income tax rates on income before income taxes for the years 1978 and 1977 follows:

	1978		1977	
	Amount	Percent of Pretax Income	Amount	Percent of Pretax Income
Income tax at 48% of pretax income	420,242	48.0%	\$ 704,230	48.0%
Effect of tax-exempt income	(148,887)	(17.0)	(26,319)	(1.8)
Investment tax credits	(10,366)	(1.2)	(12,291)	(.8)
Other	8,011	.9	13,192	.9
Federal income taxes	\$ 269,000	30.7%	\$ 678,812	46.3%

Deferred income taxes are provided for timing differences between financial reporting and income tax reporting. The tax effects of these timing differences (primarily arising from differences in the recording of deferred construction loan fees) are reflected as prepaid income taxes. Such amounts (1978—\$119,494; 1977—\$89,119) are included in prepaid expenses and deposits in the accompanying balance sheet.

### NOTE F—RETIREMENT PLANS

The Company participates in the non-contributory defined benefit pension plan (which covers substantially all employees) of its parent. Accordingly, no separate actuarial valuation has been prepared for the Company and no estimate of unfunded prior service costs or the value of vested benefits has been made. It is the Company's policy to fund pension costs accrued. Pension expense amounted to approximately \$83,000 in 1978 and \$62,500 in 1977.

### NOTE G—COMMITMENTS

At December 31, 1978, the Company was obligated under the provisions of long-term leases of buildings with approximate aggregate minimum rentals of \$1,689,000 payable as follows:

Year Ended December 31	Rentals
1979	\$235,000
1980	208,000
1981	188,000
1982	184,000
1983	184,000
1984-1988	690,000

### NOTE H—RELATED PARTY TRANSACTIONS

Peoples Mortgage Company is a party to agreements with Peoples National Bank of Washington and certain of its subsidiaries whereby it has sold at market value, at negotiated interest rates, its equity in loans in process. The bank has discretionary power with respect to loans and other securities offered, but once accepted, its recourse is limited to its pro rata equity in the loans and securities; however, the Mortgage Company may repurchase such loans and securities as required. The Mortgage Company continues to manage these loans and receives a fee for this service.

During 1978, Peoples Mortgage Company sold approximately \$4,000,000 of first mortgage loans to Peoples National Bank of Washington for investment purposes. The loans were sold at market values.

The Company issues commercial paper which is guaranteed by an irrevocable letter of credit of Peoples National Bank of Washington.

Peoples National Bank provides loans, management consultation, and computer services to the Mortgage Company. Peoples Mortgage Company services real estate loans owned by Peoples National Bank for fees aggregating \$451,473 in 1978 and \$386,000 in 1977.

## REPORT of ERNST & ERNST, INDEPENDENT AUDITORS

Board of Directors, Peoples Mortgage Company, Seattle, Washington

We have examined the consolidated balance sheet of Peoples Mortgage Company and Subsidiary as of December 31, 1978, and the related statements of consolidated income and retained earnings and changes in consolidated financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The consolidated financial statements of Peoples Mortgage Company for the year ended December 31, 1977, were examined by other auditors whose report dated January 13, 1978, expressed an unqualified opinion on those statements.

In our opinion, the 1978 consolidated financial statements referred to above present fairly the consolidated financial position of Peoples Mortgage Company and Subsidiary at December 31, 1978, and the consolidated results of their operations, and changes in their financial position for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis.



## DIRECTORS and OFFICERS

### PEOPLES MORTGAGE COMPANY



Dean M. Olson



David E. Thatcher



David G. Mullins



Muriel H. Nelson



Jay C. Williams

#### PEOPLES MORTGAGE COMPANY

**Joshua Green, Jr.**  
Chairman of the Board &  
Director

**Joshua Green, III**  
Director

**Robert G. Perry**  
Secretary/Treasurer &  
Director

**E. C. Underhill**  
Director

**J. G. Cairns, Jr.**  
Director

**Dean M. Olson**  
President & Director

**David E. Thatcher**  
Senior Vice President &  
Director

**Elmer Anderson**  
Director

**Fred C. Banks**  
Vice President

**R. D. Keating**  
Vice President

**K. James Kennedy**  
Vice President

**James H. McMahan**  
Vice President

**David G. Mullins**  
Vice President

**Muriel H. Nelson**  
Vice President

**William H. Nyberg**  
Vice President

**Margie E. Patterson**  
Vice President

**Clifford A. Peterson**  
Vice President

**Jay C. Williams**  
Vice President

**Bonita Butcher**  
Assistant Vice President

**Dan L. Carlo**  
Assistant Vice President

**Zella Christopher**  
Assistant Vice President

**Dorothy Groves**  
Assistant Vice President

**George Neiser**  
Assistant Vice President

**Richard R. Parker**  
Assistant Vice President

**Julie Richwine**  
Assistant Vice President

**Paul Safstrom**  
Assistant Vice President

**Curtis R. Tenzler**  
Assistant Vice President

**Hedy West**  
Corporate Officer

**Dianne Schlicke**  
Corporate Officer

#### WESTERN STATES MORTGAGE COMPANY

**Clifford A. Peterson**  
Vice President & Manager

**Dianne Schlicke**  
Assistant Manager

#### PEOPLES ESCROW COMPANY

**Arlene Kazala**  
President

**Adrianne Tollefsen**  
Secretary -Treasurer

**Hazel Kelley** ♦  
Escrow Officer

## ADDRESSES

#### PEOPLES MORTGAGE COMPANY

##### Head Office

Fourth & Battery Building  
2411 4th Avenue  
Seattle, Washington 98121

##### Seattle

Paul Safstrom, Manager  
2400 Third Avenue  
Seattle, Washington 98121

##### Bellevue

Foster Lewis, Manager  
12505 Bellevue-Redmond  
Road  
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##### Renton

Joseph Butler, Manager  
707 Rainier Avenue South  
Renton, Washington 98055

##### Tacoma

Gary Vander Meer,  
Manager  
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##### Vancouver

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109 East 13th Street  
Vancouver, Washington  
98660

##### Everett

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Everett, Washington 98902

##### Yakima

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Boulevard  
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Denver, Colorado 80222

##### Boise

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1112 North Cole Rd. Suite C  
Boise, Idaho 83704

##### Salt Lake City

Richard R. Parker, Manager  
535 E. 4500 South  
Suite D-140  
Salt Lake City, Utah 84107

##### Portland

Denise Downs, Manager  
500 N.E. Multnomah  
Lloyd Building, Suite #850  
Portland, Oregon 97232

#### WESTERN STATES MORTGAGE COMPANY

##### Main Office

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(206) 344-3620

#### PEOPLES ESCROW COMPANY

##### Main Office

Fourth & Battery Building  
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Seattle, Washington 98121  
(206) 344-2362

# PEOPLES MORTGAGE COMPANY

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2411 - 4th Avenue, Suite 400  
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(206) 344-4500