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DIVISION OF FINANCIAL
INSTITUTIONS

STATE OF OHIO
DEPARTMENT OF COMMERCE
DIVISION OF FINANCIAL INSTITUTIONS 2007 JAN -8 AM 10: 20
77 South High Street, 21st Floor
Columbus, Ohio 43215-6120

In the matter of:

Home123 Corporation
3351 Michelson Drive
Suite 400
Irvine, CA 92612

)
) Case No. 07-0011MBF
)
) SETTLEMENT AND
) CONSENT ORDER
)
)

WHEREAS, the Ohio Department of Commerce, by and through the Superintendent of the Division of Financial Institutions ("Division"), is charged with the responsibility of enforcing the Ohio Mortgage Broker Act, codified in Ohio Revised Code ("R.C.") Chapter 1322; and

WHEREAS, Home123 Corporation ("Respondent") is a California corporation that holds an active mortgage broker certificate of registration issued by the Division pursuant to R.C. 1322. Respondent acquired the loan origination assets of RBC Mortgage Corporation in August 2005 from its parent corporation Royal Bank of Canada. Following the acquisition Respondent began to operate at certain locations of RBC Mortgage Corporation, including its former branch in Cincinnati. The business address of record for Respondent is 3351 Michelson Drive, Suite 400, Irvine, CA 92612 with certificate of registration number MB 803449. Respondent operates several authorized mortgage broker branch offices in Ohio including one at 8845 Governors Hill Dr., Suite 130, Cincinnati, OH with certificate number MB 803449.012; and

WHEREAS, on January 5, 2007, the Division, based on the self-reporting of the Respondent, sent via certified mail a Notice of Intent to Fine Mortgage Broker and Opportunity for a Hearing ("the Notice") to Home123 Corporation ("Respondent") to its main office business address; and

WHEREAS, the Notice contained allegations that:

1. According to R.C. § 1322.02(B), no "person, on the person's own behalf or on behalf of any other person, shall act as a loan officer without first having obtained a license from the superintendent."
2. Respondent had unlicensed loan officers at its Cincinnati branch office to broker mortgage loans subject to the Ohio Mortgage Broker Act in violation of R.C. § 1322.02(B).
3. R.C. § 1322.07(C) prohibits a registrant or applicant for a certificate of registration from "[e]ngage[ing] in conduct that constitutes improper, fraudulent, or dishonest dealings."
4. Respondent's use of unlicensed loan officers to broker loans subject to the Ohio Mortgage Broker Act is an improper business practice in violation of R.C. § 1322.07(C).

WHEREAS, Respondent discovered potential compliance matters under the Ohio Mortgage Broker Act and voluntarily disclosed and reported the matter of possible unlicensed loan officer activity at its Cincinnati branch to the Division, requested a meeting with the Division, and fully cooperated with the Division;

WHEREAS, after review and investigation of this matter the Division is satisfied with the prompt remedial actions taken by the Respondent intended to address the issues raised in the Notice;

WHEREAS, Home123 Corporation agrees to voluntarily enter into this Agreement without admitting or denying any wrongdoing or violation of Chapter 1322.

NOW THEREFORE, in consideration of the foregoing and the mutual promises set forth herein, the parties agree to the following:

- 1) The parties acknowledge and agree to the accuracy of the foregoing recitals.
- 2) This Settlement and Consent Order represents a compromise between the parties for the full, complete, and final settlement of all of their claims, differences, and causes of action with respect to the allegations contained in the Notice.
- 3) The parties agree that the terms of this Settlement and Consent Order bind the parties hereto, and their owners, shareholders, partners, members, assigns, and successors in interest.
- 4) The Division hereby terminates the Notice of Intent to Fine Mortgage Broker and Opportunity of Hearing issued January 5, 2007, and agrees that it shall not, as long as Respondent is in compliance with this Settlement and Consent Order pursue the matters set forth in such Notice through its administrative process. Nothing, however, in this order shall be deemed to prevent the Division or its employees, agents, or assigns from participating in, as a witness or otherwise, any lawful action by another, or obeying any lawful court order, arising out of or related to the matters set forth in the Notice.
- 5) Nothing in this Settlement and Consent Order shall be deemed an admission of guilt or liability with the allegations set forth in the Notice on the part of Respondent.
- 6) Respondent acknowledges lawful service and receipt of the Notice, and stipulates to the jurisdiction of the Division in this matter.
- 7) The Respondent hereby agrees to forego its administrative remedies, and waive any and all rights to an administrative hearing, as well as any right to appeal this matter or order.
- 8) The Respondent hereby agrees to remit to the Division, by certified check or money order made payable to "Treasurer, State of Ohio," the sum of six thousand dollars (\$6,000). This payment is to cover the cost of the Division's investigation and review of the matters set forth herein. The monies paid shall be credited to the Consumer Finance Fund pursuant to R.C. § 1322.21. Payment shall be made within ten days of the effective date of this Settlement and Consent Order by delivery to the Division's counsel.
- 9) Respondent further agrees that no later than thirty (30) days after the effective date of this Settlement and Consent Order, Respondent shall refund all amounts paid to it by the

fourteen buyers referenced on the spreadsheet previously provided to the Division on December 4, 2006, and submit proof of such refunds in the total amount of \$23,153.72 to the Division. The refunds shall indicate that they are being made pursuant to a settlement with the Division of Financial Institutions.

- 10) This Settlement and Consent Order shall be effective on the date it is signed by the Superintendent of the Division of Financial Institutions or his designee and on such date it will become a final order.
- 11) This Settlement and Consent Order contains the entire agreement between the parties as to the matters set forth herein and no promises, conditions or obligations, either expressed or implied, other than those set forth herein, shall be binding on either party.

For purposes of effecting this Settlement and Consent Order, it is hereby ORDERED and DECREED that:

- A. The parties to this Settlement and Consent Order shall abide by the terms of this order as agreed.
- B. Respondent shall, as agreed, remit to the Division, by certified check or money order the sum of six thousand dollars (\$6,000) made payable to "Treasurer, State of Ohio." This payment is to cover the cost of the Division's investigation and review of the matters set forth herein.
- C. Respondent shall refund all amounts paid to it by the buyers referenced on the spreadsheet previously provided to the Division on December 4, 2006, and submit proof of such refunds to the Division no later than thirty (30) days after the effective date of this Settlement and Consent Order.

The Respondent understands that any breach of this Settlement and Consent Order may result in the reinstitution of administrative proceedings, including suspension or revocation, the imposition of additional fines and any other remedy available to the Division.

Robert M. Grieser
Robert M. Grieser
Deputy Superintendent of Consumer Finance

1-8-07
Date

Approved and Agreed

Home123 Corporation
By: [Signature]
Its: Senior Vice President & Asst. Secy.

1-5-07
Date

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