

# SETTLEMENT AGREEMENT

# 802757

This Settlement Agreement is entered into by and between:

THE OHIO DEPARTMENT OF COMMERCE  
DIVISION OF FINANCIAL INSTITUTIONS

Consumer Finance Section

77 South High Street, 21<sup>st</sup> Floor  
Columbus, OH 43215-6120

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Funding Group Mortgage Company, LLC. *7-26991955 + 145858516* *\$5,000. + \$5,000. -*

dba - The Funding Source

25350 Rockside Road, Suite 303  
Bedford Heights, Ohio 44146

NOV 18 2005

This Settlement Agreement is entered between Funding Group Mortgage Company, LLC., doing business as The Funding Source (hereafter "Funding Group") and the Ohio Department of Commerce, Division of Financial Institutions ("DFI").

## STIPULATIONS AND ADMISSIONS

This Settlement Agreement is entered into on the basis of the following stipulations, admissions and understandings:

- A. The DFI is authorized to enforce the Ohio Mortgage Broker Act, Revised Code Chapter 1322, and its implementing regulations, Ohio Administrative Code Chapter 1301:8-7.
- B. Funding Group is a mortgage broker company that has been issued a certificate of registration by the DFI to provide mortgage broker services.
- C. Pursuant to section 1322.06 of the Revised Code the DFI conducted an examination of the Funding Group on the 29<sup>th</sup> and 30<sup>th</sup> of November 2004, and found the following:
  1. Funding Group failed to include the number designated on its mortgage broker certificate of registration on advertisements contained on its web page, in contra to section 1322.09 of the Revised Code;
  2. Funding Group advertised rates "as low as 3.25 fixed" without stating any limitations that applied or the annual percentage rate, contra to section 1301:8-7-07(B)(2) of the Administrative Code;

3. Funding Group authorized an employee to originate mortgage loans without a license, in opposition to section 1322.02(B) of the Revised Code. Specifically, Funding Group permitted Kareem Lanier to originate without a license from April 2004 to August 2004, and attempted to hide these transactions by placing the name of Funding Group's operations manager and chief financial officer, Peter Wairegi, on the related mortgage documents.
4. Funding Group did not include the typewritten name of the loan officers and the numbers designated on their licenses on its mortgage loan origination disclosure statements, contra to section 1322.062(A)(1)(b) of the Revised Code.
5. Funding Group did not include the number designated on the its certificate of registration on its mortgage loan origination disclosure statements, contra to section 1322.062(A)(1)(c) of the Revised Code.
6. Funding Group did not include on most of its mortgage loan origination disclosure statements, the signature of the responsible loan officer, contra to section 1322.062(A)(1)(d) of the Revised Code.
7. Funding Group did not include a statement on its mortgage loan origination disclosure statements indicating whether the buyer is to pay for the services of a bona fide third party in the event Funding Group is unable to assist the buyer in obtaining a mortgage loan, contra to section 1322.062(A)(1)(e) of the Revised Code.
8. Funding Group did not include a statement of the method by which the fee to be paid by the buyer to Funding Group will be calculated on its mortgage loan origination disclosure statements, contra to section 1322.062(A)(1)(f) of the Revised Code.
9. Funding Group did not include a description of all the services it agreed to perform for buyers on its mortgage loan origination disclosure statements, in opposition to section 1322.062(A)(1)(h) of the Revised Code.
10. Funding Group did not include a statement on its mortgage loan origination disclosure statements that the buyer has not entered into an exclusive agreement for brokerage services with Funding Group, contra to section 1322.062(A)(1)(i) of the Revised Code.
11. Funding Group failed to accurately disclose the amount of broker compensation on its mortgage loan origination disclosure statements, contra to sections 1322.07(B) and (C) of the Revised Code.

12. Funding Group failed to disclose processing fees, document preparation fees, and administrative fees on its mortgage loan origination disclosure statements, contra to sections 1322.07(B) and (C) of the Revised Code.
  13. Funding Group failed to pay some of its licensed loan officers, namely Anthony Smith, Donnell Clark, and Ronald DiEgidio, on the federal W-2 form and by the applicable standards, opposite to section 1322.01(C) of the Revised Code.
  14. Funding Group failed to utilize its special account to pay third-party fees, in opposition to section 1322.08(A)(3) of the Revised Code.
- D. Because of the issues described in paragraphs (C)(1) through (C)(14) above and uncovered through the DFI's examination, the DFI has the authority to revoke Funding Group's mortgage broker certificate of registration.
  - E. Funding Group has represented to the DFI that it has addressed and corrected each issue raised in paragraphs (C)(1) through (C)(14) above, and has implemented policies and procedures which will prevent any reoccurrence.
  - F. Funding Group has represented that they believed Kareem Lanier did not need a license for the work he performed during April 2004 to August 2004.
  - G. Kareem Lanier was licensed by the Division subsequent to August 2004.
  - H. The DFI enters into this Settlement Agreement in lieu of formal proceedings under chapter 119 of the Revised Code to revoke Funding Group's certificate of registration on the basis of the findings listed in paragraphs (C)(1) through (14).
  - I. The DFI has agreed to enter this Settlement Agreement relying upon the truthfulness, accuracy, and completeness of Funding Group's representations that each issue raised has been addressed and corrected and that Funding Group has instituted policies and procedures to prevent any reoccurrence.
  - J. The DFI expressly reserves the right to institute formal proceedings based upon any violation of or noncompliance with any provision of chapter 1322 of the Revised Code or any rule contained in chapter 1301:8-7 of the Administrative Code not specifically addressed herein, whether occurring before or after the effective date of this Settlement Agreement.

### AGREED CONDITIONS

Wherefore, in consideration of the foregoing and mutual promises hereinafter set forth, and in lieu of any formal disciplinary proceedings at this time, Funding Group, being represented by Attorney John G. Neal, knowingly and voluntarily agrees with DFI to the following terms, conditions and limitations:

1. Funding Group affirms and admits to the allegations, findings, and statements listed in paragraphs (C)(1) through (C)(14) above; expressly represents that all issues have been addressed and corrected; and represents that it has instituted policies and procedures to prevent any reoccurrence.
2. In exchange for Funding Group's admissions and assurances, the DFI agrees not to pursue these issues in a disciplinary administrative action, but instead to levy a fine against Funding Group in the amount of ten thousand dollars, unless it is discovered that any representation Funding Group has made is not accurate or that these issues persist.
3. Payment of the ten thousand dollar fine must be made by certified check or money order, made payable to the "Consumer Finance Fund," and must be received along with this completed Settlement Agreement on or before April 20, 2006. Funding Group's 2005 renewal application for a certificate of registration will not be issued until this settlement is complete.
4. Funding Group understands and agrees that should the DFI discover that Funding Group has provided the DFI with false, fraudulent, or misleading information regarding this Settlement Agreement and/or any issue the Agreement concerns, Funding Group agrees that such evidence shall firmly establish that its character and general fitness do not command the confidence of the public and warrant the belief that it will conduct business honestly and fairly in compliance with the purposes of chapter 1322 of the Revised Code. Funding Group further agrees that such evidence is grounds for permanent revocation of its mortgage broker certificate of registration.
5. Funding Group understands and agrees that this Agreement shall be considered a public record as that term is used in R.C. 149.43, and may be reported to appropriate organizations, data banks, and governmental bodies, or released to the general public.
6. Should Funding Group violate any term of this Settlement Agreement, the DFI may proceed with formal proceedings under chapter 119 of the Revised Code to revoke Funding Group's certificate of registration.
7. The above-described terms, conditions and limitations may be amended or terminated at any time upon the written agreement of both parties.

## FAILURE TO COMPLY

If, in the discretion of the DFI, Funding Group appears to have violated or breached any term or condition of this Settlement Agreement, the DFI reserves the right to institute formal disciplinary proceedings for any and all possible violations or breaches, including but not limited to, alleged violations of any law occurring before, on, or after the effective date of this Settlement Agreement.

## ACKNOWLEDGMENTS/LIABILITY RELEASE

Funding Group acknowledges that it has been advised by the DFI to seek legal counsel if it has any questions concerning the terms and/or effect of this Settlement Agreement.

Funding Group hereby releases the DFI, its members, employees, agents, officers and representatives jointly and severally from any and all liability arising from the within matter.

This Settlement Agreement shall be considered a public record as that term is used in R.C. 149.43, and may be reported to appropriate organizations, data banks, and governmental bodies, or released to the general public.

This Settlement Agreement in no way binds or limits future actions the DFI may take with respect to Funding Group or any other person, individual, or company, for the same or similar violations.

## EFFECTIVE DATE

It is expressly understood that this Settlement Agreement shall become effective upon the last date of signature below.

JOHN G. NEAL, ESQ.  
Attorney for Funding Group

11/18/05  
DATE

X  
Owner/Officer

11-7-05  
DATE

Owner/Officer

11-7-05  
DATE

ROBERT M. GRIESER

11/18/05  
DATE

Deputy Superintendent for Consumer Finance  
Ohio Division of Financial Institutions