

SETTLEMENT AGREEMENT

SM.501517

This Settlement Agreement is entered into by and between:

**OHIO DEPARTMENT OF COMMERCE
DIVISION OF FINANCIAL INSTITUTIONS**

Consumer Finance Section
77 South High Street, 21st Floor
Columbus, OH 43215-6120

Hereinafter referred to as "DFI"

and

CARRINGTON MORTGAGE SERVICES, LLC

1610 East Saint Andrew Place, Suite B-150
Santa Ana, CA 92705

Hereinafter referred to as "Carrington"

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DIVISION OF FINANCIAL
INSTITUTIONS
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DFI is a state agency charged with the responsibility of administering and enforcing the Ohio Mortgage Loan Act ("OMLA"), codified in Sections 1321.51 to 1321.60 of the Ohio Revised Code ("R.C."). Carrington is a foreign limited liability company that applied to the Division on July 27, 2010 to renew its OMLA certificate of registration; the renewal application remains pending.

The parties voluntarily enter into this Settlement Agreement.

STIPULATIONS AND ADMISSIONS

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

- A. DFI is empowered by R.C. 1321.54(B) to refuse to renew a certificate of registration if the applicant violated or failed to comply with any provision of R.C. 1321.51 to 1321.60 or the rules adopted thereunder.
- B. Carrington held OMLA certificate of registration SM.501517.000 and branch registration SM.501517.001, which were scheduled to expire on June 30, 2010.
- C. Pursuant to R.C. 1321.53(A)(4) as in effect at the time of its 2009 renewal, Carrington was required to submit its 2010 renewal application with annual fee to DFI on or before June 30, 2010, the date the registration expired.

- D. Carrington had attempted to submit its renewal on June 29, 2010, but due to a clerical error or system malfunction, the information Carrington attempted to submit did not properly transmit to DFI.
- E. Carrington submitted its 2010 renewal application on July 27, 2010; that application remains pending.
- F. Carrington understands that because it was not deemed to have timely submitted its renewal application, DFI has the authority to refuse to renew Carrington's OMLA certificate of registration.
- G. DFI enters into this Settlement Agreement in lieu of formal proceedings under R.C. Chapter 119 to refuse to renew Carrington's certificate of registration on the basis of its untimely filing.
- H. DFI expressly reserves the right to institute formal proceedings based upon any violation of or noncompliance with any provision of the OMLA 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 related to the issue at hand, Carrington knowingly and voluntarily agrees with DFI to the following terms, conditions and limitations:

- 1. If Carrington properly files this Settlement Agreement and fully complies with every provision, DFI agrees to execute the same and to approve Carrington's 2010 OMLA renewal application, effective as of June 30, 2010, provided there are no remaining deficiencies with respect to the application.
- 2. As penalty for the violation of law described herein, Carrington agrees to pay a one-time fine of **six hundred dollars (\$600.00)**. Payment shall be in the form of a cashier's check or money order, made payable to "Treasurer of State," and shall be submitted to DFI with this Settlement Agreement.
- 3. Carrington understands and agrees that if DFI discovers that Carrington has provided DFI with false, fraudulent, or misleading information in regard to its renewal application, Carrington agrees that such evidence shall firmly establish that Carrington's financial responsibility and general fitness do not command the public's confidence, pursuant to R.C. 1321.53(A)(7).
- 4. Carrington understands and agrees that 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.

5. If Carrington violates any term of this Settlement Agreement, DFI may reject the Settlement Agreement and proceed with formal proceedings under R.C. Chapter 119 to refuse to renew Carrington's OMLA certificate of registration.
6. The above-described terms, conditions and limitations may be amended or terminated at any time upon the written agreement of both parties.
7. This settlement agreement must be received by the Division no later than **August 20, 2010**.

FAILURE TO COMPLY

If, in the discretion of DFI, Carrington appears to have violated or breached any term or condition of this Settlement Agreement, 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

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

Each party hereby releases the other party, 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 DFI may take with respect to Carrington or any other person, individual, or company, for repeated or similar violations.

EFFECTIVE DATE

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

The Settlement Agreement must be signed by: the owner if the OMLA certificate holder is a sole proprietor; all partners if the registrant is a partnership; at least one member if a limited liability company; and the president and secretary, as duly authorized by resolution of the board of directors, if the registrant is a corporation. **The ORIGINAL, signed Agreement with all pages attached must be returned.** Keep a copy for your records.

PRINTED Name and Title of Authorized Signor #1: Darren A. Fulco, Chief Strategy Officer of Carrington Capital Management LLC - member of Carrington Mortgage Services, LLC
SIGNATURE of Authorized Signor #1: _____
Date 8/2/10

PRINTED Name and Title of Authorized Signor #2: John Alkire, EVP, Servicing Operations of Carrington Mortgage Services LLC
SIGNATURE of Authorized Signor #2: _____
Date 8/2/10

LEIGH A. WILLIS
Deputy Superintendent for Consumer Finance
Ohio Division of Financial Institutions

8/4/10
Date

ANTHONY D. SICILIANO
Consumer Finance General Counsel
Ohio Division of Financial Institution

8/4/10
Date