

SETTLEMENT AGREEMENT

M2007-10

by and between

THE OHIO DEPARTMENT OF COMMERCE
DIVISION OF FINANCIAL INSTITUTIONS

Consumer Finance Section

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

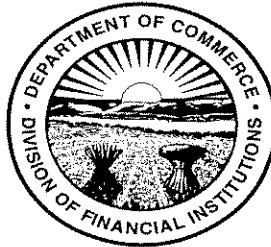
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HOMEOWNERS MORTGAGE BANC, LLC

700 Taylor Road
Gahanna, Ohio 43230

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This Settlement Agreement is a legally binding document that affects the rights of your mortgage brokerage company. Read it carefully. If you have any questions, consult an attorney.



If you choose to enter into this Settlement Agreement, you must follow it EXACTLY. If you fail to follow any one filing instruction or any one provision of the Agreement, the Division may reject the Agreement.

All of the following must be completed and RETURNED to the Division no later than APRIL 9, 2007:

- ☐ All pages of this Settlement Agreement, including this cover page, must remain attached.
- ☐ The Settlement Agreement must be signed by: the owner if the mortgage broker registrant 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.

SETTLEMENT AGREEMENT

M2007-10

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, 21st Floor
Columbus, OH 43215-6120

Hereinafter referred to as "DFI."

&

HOMEOWNERS MORTGAGE BANC, LLC

**700 Taylor Road
Gahanna, Ohio 43230**

Hereinafter referred to as "Respondent."

DFI is a state agency charged with the responsibility of administering and enforcing the Ohio Mortgage Broker Act ("OMBA"), codified in Chapter 1322 of the Ohio Revised Code ("R.C."). Respondent is a limited liability company that holds a certificate of registration issued by DFI to engage in business as a mortgage broker pursuant to R.C. Chapter 1322. That certificate of registration expired on April 30, 2006 and Respondent timely filed an application to renew that certificate. After conducting an investigation, On January 5, 2007, DFI issued its notice of intent to deny Respondent's 2006 mortgage broker certificate of registration renewal application based on the belief that Respondent's business plan and structure was set up to violate R.C. 1322.071(B)((3) and constituted improper dealings under R.C. 1322.07(C).

Respondent voluntarily enters into this Settlement Agreement being fully informed of its right to representation by counsel, and its right to reject this Settlement Agreement, and said rejection will result in continuing proceedings pursuant to R.C. Chapter 119 on the issues considered herein.

This Settlement Agreement contains the entire Settlement Agreement between the parties. There is no other Settlement Agreement of any kind, verbal or otherwise, on the issues considered herein, which varies the terms of the Settlement Agreement.

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AGREEMENTS AND UNDERSTANDINGS

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

- A. DFI is authorized by R.C. 1322.10(A)(1)(a) to refuse to renew a registrant's mortgage broker certificate of registration if DFI finds that the registrant has violated "or fail[ed] to comply with any provision of sections 1322.01 to 1322.12 of the Revised Code or the rules adopted under those sections or any other law applicable to the business conducted under a certificate of registration[.]"
- B. In order to renew a mortgage broker certificate of registration, DFI must find that the applicant's "financial responsibility, experience, character, and general fitness command the confidence of the public and warrant the belief that the business will be operated honestly and fairly in compliance with the law." (See R.C. 1322.04(B)(3) and 1322.04(A)(10).)
- C. It is understood that Respondent is not currently conducting business under its present operating agreement or subscription agreements. Respondent understands and agrees that any operating agreement or subscription agreement that it may use now, or in the future, shall not contain any clauses or terms conditioning a member's admission to Respondent, or continued membership in Respondent, to the number of loans generated by each member real estate agent/broker.
- D. Respondent agrees to cease any and all solicitation, oral, written, or otherwise, of real estate agents, real estate brokers, real estate developers, home improvements builders, title companies, or appraisal companies for purchase of membership interests in Respondent that conditions sales or offers of membership interests on the number of loans the solicited will generate for Respondent. It is further agreed that in any solicitation, oral, written, or otherwise, of real estate agents, real estate brokers, real estate developers, home improvements builders, title companies, or appraisal companies, Respondent shall not state or imply that membership entitles the referring party to a financial benefit. Any such solicitations shall be in done in compliance with state and federal securities regulations.
- E. Respondent agrees that it will market and/or advertise for business, and will not rely exclusively on referrals from members.
- F. Respondent agrees that its members will not be restricted from referring business to multiple sources.
- G. Upon Respondent's compliance with the provisions of paragraphs C, D, E, and F of this agreement, and if Respondent complies with all other terms and conditions for renewal

of its certificate of registration, DFI shall terminate its notice of January 5, 2007 and issue a certificate of registration with an expiration date of April 30, 2007.

- H. All parties enter into this Settlement Agreement in lieu of continuing formal proceedings under R.C. Chapter 119 to not renew Respondent's mortgage broker certificate of registration on the bases stated in DFI's notice of January 5, 2007.
- I. DFI expressly reserves the right to institute formal proceedings based upon any violation of or noncompliance with any provision of the OMBA not specifically addressed herein, whether occurring before, on, or after the effective date of this Settlement Agreement
- J. Respondent understands and agrees that if Respondent fails to follow any term of this Settlement Agreement or any filing instruction, DFI may reject the Settlement Agreement and continue with formal proceedings under R.C. Chapter 119.
- K. Should DFI discover that Respondent has provided DFI with false, fraudulent, misleading, or incomplete information pertaining to this Agreement, Respondent agrees that such evidence will firmly establish that Respondent's 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 the OMBA. Respondent further agrees that such discovery is grounds for permanent revocation of its mortgage broker certificate of registration.
- L. The above-described terms, conditions, and limitations may be amended or terminated at any time upon the written agreement of both parties.

ACKNOWLEDGMENTS/LIABILITY RELEASE

Respondent 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.

Respondent hereby releases DFI, its members, employees, agents, officers and representatives jointly and severally from any and all liability arising from the within matter. Respondent shall not seek attorney fees or other costs 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 Respondent 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.

The Settlement Agreement must be signed by: the owner if the mortgage broker registrant 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 of authorized signor #1:

Brian D. Compton

Date

SIGNATURE of authorized signor #1:

B.D.C. 4-4-07

Date

PRINTED Name of authorized signor #2:

Date

SIGNATURE of authorized signor #2:

Date

John H Oberle 4/5/07
JOHN OBERLE DATE
Attorney for Respondent

Richard F. Keck 5/17/07
RICHARD F. KECK DATE
Acting Deputy Superintendent for Consumer Finance
Ohio Division of Financial Institutions

Mark L. Rhea 5/17/07
MARK L. RHEA DATE
Consumer Finance Licensing Attorney
Ohio Division of Financial Institutions