

SETTLEMENT AGREEMENT

MB# 801145

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

and

FIRST OHIO HOME FINANCE, INC.

385 County Line Rd W - Suite 200
Westerville, Oh 43082

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DIVISION OF FINANCIAL
INSTITUTIONS

The Division of Financial Institutions ("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."). First Ohio Home Finance, Inc. ("First Ohio Home Finance") is an Ohio corporation that holds a certificate of registration issued by DFI to engage in business as a mortgage broker pursuant to R.C. Chapter 1322.

First Ohio Home Finance voluntarily enters into this Settlement Agreement being fully informed of the right to representation by counsel, and the right to reject this Settlement Agreement and to proceed to a formal adjudicative hearing, 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.

STIPULATIONS AND ADMISSIONS

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

- A. DFI is authorized by R.C. 1322.10(A)(1)(a) to suspend, revoke or refuse to issue or renew an applicant's mortgage broker certificate of registration if DFI finds that the applicant 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, federal lending law, or any other law applicable to the business conducted under a certificate of registration[.]"

- B. The Division is authorized by R.C. 1322.10(A)(2) to impose a fine against a mortgage broker registrant of not more than one thousand dollars for each day a violation of a law or rule is committed, repeated, or continued.
- C. In 2008, First Ohio Home Finance contracted with a marketing firm, Tagquest Marketing, for the creation and mailing of direct mail pieces to individuals for the purpose of generating mortgage broker business. Approximately three thousand (3,000) direct mail pieces were mailed to potential customers by Tagquest Marketing on behalf of First Ohio Home Finance. A representative copy of this direct mail piece is attached hereto as Attachment A. It consists of a letter stating that the individual's home loan has "gone under review," and that this review "enables [the individual] to freeze [his/her] mortgage into a new fixed mortgage with a lower monthly payment and/or additional cash out." Further, "loans that are restructured in ...August will qualify to skip 2 monthly payments." The direct mail piece concludes by asking the individual to call "614-865-4815 and reference the customer number above to begin the restructure process."
- D. First Ohio Home Finance admits it did not receive a proof of the direct mail piece before it was mailed, and that it had no policies or procedures in place to ensure that direct mail pieces were reviewed and approved before mailing. First Ohio Home Finance admits that the Tagquest Marketing mailed the aforementioned direct mail pieces, but represents that no residential mortgage loans were originated and/or closed as a result thereof.
- E. The direct mail pieces as represented in Attachment A are advertisements as that term is defined in O.A.C. 1301:8-7-07(A).
- F. A mortgage broker registrant is required by law to clearly identify itself by disclosing in all advertisements its true name, street address and certificate of registration number. The advertisement in Attachment A failed to include First Ohio Home Finance's true name, street address and certificate of registration number in violation of R.C. 1322.07(B), 1322.09 and O.A.C. 1301:8-7-07(B)(1) and (2).
- G. The advertisement in Attachment A is a false and misleading statement of a material fact in violation of R.C. 1322.07(B) because it falsely states that the individual's current lender is reviewing and could restructure his/her loan, when it was not.
- H. First Ohio Home Finance is responsible for the advertisements sent out on its behalf by marketing firms. Distributing advertisements which violate the OMBA and the rules promulgated thereunder constitutes improper and dishonest dealings in violation of R.C. 1322.07(C).
- I. DFI enters into this Settlement Agreement in lieu of formal proceedings under R.C. Chapter 119 to revoke, suspend, refuse to renew, or to impose a fine on the basis of the stipulations and admissions by First Ohio Home Finance as set forth herein.
- J. 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 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 continuing with any formal disciplinary proceedings at this time, First Ohio Home Finance knowingly and voluntarily agrees with DFI to the following terms, conditions and limitations:

1. As penalty for the violations of law described herein, First Ohio Home Finance agrees to pay a fine of two thousand dollars (\$2,000.00). 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 **on or before March 23, 2010**.
2. First Ohio Home Finance agrees to cease and desist using the advertisement in Attachment A, and shall adopt and execute reasonable policies and procedures to ensure future compliance with the OMBA and related Administrative Rules concerning advertising.
3. Should DFI discover that First Ohio Home Finance has provided DFI with false, fraudulent, misleading, or incomplete information pertaining to this Agreement, First Ohio Home Finance agrees that such evidence will firmly establish that First Ohio Home Finance'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. First Ohio Home Finance further agrees that such discovery is grounds for revocation of its mortgage broker certificate of registration.
4. 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 DFI, First Ohio Home Finance 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

First Ohio Home Finance 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.

First Ohio Home Finance hereby releases DFI, its members, employees, agents, officers and representatives jointly and severally from any and all liability arising from the within matter. First Ohio Home Finance 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. section 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 First Ohio Home Finance or any other person, individual, or company, for the same or similar violations not specifically addressed in this Settlement Agreement.

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 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: JOHN D. IGOE

SIGNATURE of Authorized Signor #1: _____ Date _____

PRINTED Name and Title of Authorized Signor #2: Anthony R. Coplen

SIGNATURE of Authorized Signor #2: _____ Date 3/22/10

LEIGH A. WILLIS Date 3/22/10
Deputy Superintendent for Consumer Finance
Ohio Division of Financial Institutions

JACQUELINE S. MALLET Date 3/24/10
Consumer Finance Attorney
Ohio Division of Financial Institution