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SETTLEMENT AGREEMENT

Case No. 07-453CDML

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" or "Division"

and

**AMERICAN HOME MORTGAGE
SERVICING INC.**

4600 Regent Blvd.
Irving, TX 75063

Hereinafter also referred to as "Respondent"

DFI is a state agency charged with the responsibility of administering and enforcing the Ohio Mortgage Loan Act ("OMLA"), codified in Ohio Revised Code 1321.51 to 1321.60. Respondent is a corporation who holds certificates of registration under the OMLA under R.C. Chapter 1321.

Respondent voluntarily enters 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 the terms of the OMLA to seek and impose Cease & Desist Orders pursuant to the terms of R.C. 1321.54(E) if "the superintendent determines that a person is engaged in, or is believed to be engaged in, activities that may constitute a violation of sections 1321.51 to 1321.60 of the Revised Code."
- B. Respondent, American Home Mortgage Servicing, Inc., is a Maryland corporation whose business address of record with the Division is 4600 Regent Blvd., TX 75063. Respondent is licensed as a mortgage lender under the OMLA, certificate of registration number SM501378 and also holds one OMLA registration for a branch office at 538 Broadhollow Rd., Melville, NY 11747 (SM501378.001) to which this Settlement Agreement applies.
- C. Respondent filed a bankruptcy petition on or about August 6, 2007.
- D. DFI has been reviewing the decline in the business financials of Respondent. Based on the results of its review, DFI believes that Respondent is currently unable to fund

mortgages for which it has made commitments and that its continued operation would be in violation of R.C. 1321.53(A)(4). A Notice of Hearing to Cease & Desist was issued to the Respondent by the Division on August 3, 2007.

- E. Respondent is in such financial condition that the Division believes it should cease from making any further loan commitments to Ohio consumers.
- F. The parties to the above captioned matter, hereby stipulate that the statements herein are true and correct, and further intending to be legally bound, hereby agree to the terms of this Settlement Agreement.

AGREED CONDITIONS

Wherefore, in consideration of the foregoing and mutual promises hereinafter set forth, and in lieu of further administrative proceedings at this time, Respondent knowingly and voluntarily agrees with DFI to the following terms, conditions and limitations:

1. American Home Mortgage Servicing, Inc. shall immediately cease accepting, from either consumers or mortgage brokers, any applications for residential first or secondary mortgage loans secured by Ohio real property or from Ohio consumers.
2. American Home Mortgage Servicing, Inc. shall immediately cease from advertising for its wholesale and retail lending businesses in Ohio or to Ohio consumers.
3. American Home Mortgage Servicing, Inc. has provided to the Division an initial list of all Ohio loans in the Respondent's "pipeline." The Respondent will request that Quicken Loans, IndyMac Bank, and LendingTree, to which Respondent has referred such loans, provide a weekly update of consumers that have contacted those lenders. The Respondent shall send the updates it obtains to: Timothy Winslow, Senior Staff Counsel, Ohio DFI, at the following email timothy.winslow@dfi.com.state.oh.us
4. The updates requested herein should be provided upon receipt and requested no less than four times following the effective date of this Settlement Agreement and should seek to include the following information:
 - a. The names of the Ohio consumers who upon referral have contacted those lenders;
 - b. The dates that any applications to those lenders were filed by said Ohio consumers; and
 - c. The current status of those loan applications.
5. Respondent shall release any liens filed on Ohio real property of filed on property owned by Ohio consumers as a result of a residential mortgage loan the Respondent originated but did not fund.
6. Respondent may seek to sell or transfer its servicing of closed mortgage loans subject to the OMLA to a registrant authorized to conduct such servicing or to an exempt financial depository institution or operating subsidiary. The Respondent may continue to service closed mortgage loans pending its bankruptcy, and may sell or transfer its servicing of

OMLA loans provided that such sale or transfer is in accordance with any required approval of the bankruptcy court.

7. Nothing in this Settlement Agreement shall prevent Respondent from selling or assigning non-OMLA residential mortgage loans to another entity, or engaging in other activity not prohibited herein or by the OMLA, the Ohio Mortgage Broker Act, R.C. 1322.01 et seq., or other applicable state law.
8. 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.
9. Upon the execution of this Settlement Agreement, the Division shall voluntarily terminate its Notice of Hearing to Cease and Desist Order that was filed on August 3, 2007, with the understanding that any non-compliance with the terms of this Settlement Agreement may result in the Division taking appropriate administrative or legal action, including but not limited to, reinstituting a cease and desist action. Respondent by voluntarily entering into this Settlement Agreement waives any right to a hearing or appeal concerning the terms and/or conditions set forth in this Settlement Agreement.
10. This Settlement Agreement contains the whole agreement between the parties. There are no other terms, obligations, covenants, representations, statements, conditions, or otherwise, of any kind whatsoever concerning this Settlement Agreement. This Settlement Agreement may be amended in writing by mutual agreement by the Division and Respondent.
11. The parties agree that the terms of this Settlement Agreement bind the parties hereto, and their successors in interest.
12. This Settlement Agreement is entered into by the parties upon full opportunity for legal advice from legal counsel.
13. The Department reserves all its rights, duties, and authority to enforce all statutes, rules and regulations under its jurisdiction against Respondent in the future regarding all matters not resolved by this Settlement Agreement, which includes, but is not limited to, said company and its branches pending renewal application under the OMLA. Respondent acknowledges and agrees that this Settlement Agreement is only binding upon the Department and not any other local, state or federal agency, department of office regarding matters within this Settlement Agreement.
14. The parties below are authorized to execute this Settlement Agreement and legally bind their respective parties.
15. This Settlement Agreement may be executed in separate counterparts and by facsimile.

FAILURE TO COMPLY

If, in the discretion of DFI, Respondent 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

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.

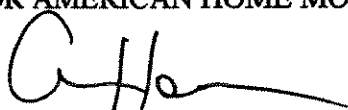
This Settlement Agreement shall be considered a public record as that term is used in R.C. 149.43, and may be reported to appropriate organizations, data banks, and governmental bodies, or released to the general public.

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

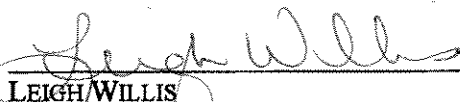
It is expressly understood that this Settlement Agreement shall become effective upon the last date of signature below.

Approved and Agreed
FOR AMERICAN HOME MORTGAGE SERVING, INC.



ALAN B. HORN
Executive Vice President and General Counsel

Date: 11/6/07



LEIGH WILLIS
Deputy Superintendent of Consumer Finance
Ohio Division of Financial Institutions

Date: 11/7/07

