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**STATE OF OHIO
DEPARTMENT OF COMMERCE
DIVISION OF FINANCIAL INSTITUTIONS
77 South High Street, 21st Floor
Columbus, Ohio 43215-6120**

In the matter of:

**American Home Mortgage
Acceptance, Inc.
538 Broadhollow Rd.
Melville, NY 11747**

)
) **Case No. 07-451CDML**
)
)
) **SETTLEMENT AND**
) **CONSENT ORDER TO**
) **CEASE & DESIST**
)

WHEREAS, the Ohio Department of Commerce, by and through the Superintendent of the Division of Financial Institutions ("Division"), is charged with the responsibility of enforcing the Ohio Mortgage Loan Act, codified in Ohio Revised Code 1321.51 to 1321.60 it has entered into the following Settlement and Consent Order to Cease & Desist.

SETTLEMENT AND CONSENT ORDER

The Division has been reviewing the decline in the business financials of American Home Mortgage Acceptance, Inc. ("American Home Mortgage"). Based on the results of its review, the Division believes that American Home Mortgage 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. The parties to the above captioned matter, in lieu of litigation, hereby stipulate that the following statements are true and correct in the settlement of the above-captioned matter and intending to be legally bound, hereby agree to the terms of this Settlement and Consent Order to Cease & Desist (the "Order").

BACKGROUND

1. The Division is the Ohio state governmental administrative agency authorized and empowered to administer and enforce the Ohio Mortgage Loan Act, ("OMLA") R.C. §§ 1321.51 to 1321.60.

2. The Division is authorized under the terms of the OMLA to seek and impose Cease & Desist Orders pursuant to the terms of R.C. 1321.54(E).

3. American Home Mortgage is licensed as a mortgage lender under the OMLA, certificate of registration number SM501218.

4. American Home Mortgage also holds OMLA registrations for forty-nine branch offices from which it conducts authorized business to which this Order also applies (see Attachment A hereto).

5. American Home Mortgage has its headquarters and principal place of business in New York at 538 Broadhollow Rd., Melville, NY 11747.

6. American Home Mortgage offers to originate and make first and second mortgage loans to consumers on residential property in Ohio and services such loans.

7. The Division has learned that American Home Mortgage does not have sufficient warehouse lines of credit to fund loans that American Home Mortgage closed or intended to close with Ohio consumers.

8. The Respondent presently may have unfunded loans outstanding with Ohio consumers.

9. American Home Mortgage Corporation filed a bankruptcy petition on or about August 6, 2007.

10. American Home Mortgage is in such financial condition that the Division believes it presently is unable to continue in the business of making any further loan commitments with safety to its Ohio customers.

CORRECTIVE ACTION

11. American Home Mortgage shall immediately cease and desist 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.

12. American Home Mortgage shall immediately cease and desist from advertising for its wholesale and retail lending businesses in Ohio or to Ohio consumers.

13. American Home Mortgage 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 Division of Financial Institutions, at the following email timothy.winslow@dfi.com.state.oh.us

14. The updates requested herein should be provided upon receipt and requested no less than four times following the effective date of this Order 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.

15. American Home Mortgage 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.

16. The Respondent shall refrain from servicing any closed mortgage loans subject to the OMLA upon the surrender of its licenses, but may sell or transfer its servicing of such loans to a registrant authorized to conduct such servicing or to an exempt financial depository institution or operating subsidiary.

17. Nothing in this Order shall prevent American Home Mortgage 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.

18. The Respondent agrees to promptly surrender its OMLA certificates of registration to the Division upon the execution of this Settlement and Consent Order.

NOW THEREFORE, in consideration of the foregoing and the mutual promises set forth herein, the parties agree to the following:

- A. The Respondent acknowledges and agrees to the foregoing corrective action.
- B. American Home Mortgage hereby knowingly, willingly, voluntarily, and irrevocably consents to the entry of this Order pursuant to the Division's authority under the OMLA and agrees that it understands all of the terms and conditions contained herein. American Home Mortgage, by

voluntarily entering into this Order, waives any right to a hearing or appeal concerning the terms and/or conditions set forth in this Order.

C. American Home Mortgage understands that by state law all orders of the Division are public records and consents to the publication and release of this Order.

D. This Order 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 order. This Order may be amended in writing by mutual agreement by the Division and American Home Mortgage.

E. The parties agree that the terms of this Settlement and Consent Order bind the parties hereto, and their successors in interest.

F. This Order is entered into by the parties upon full opportunity for legal advice from legal counsel.

G. The parties hereby stipulate and agree that this Order shall become effective on the date that the Division executes this Order.

H. The Division agrees and hereby does terminate its Notice of Order to Cease & Desist issued August 3, 2007, to the Respondent with the understanding that any non-compliance with the terms of this order may result in the Division taking appropriate administrative or legal action, including but not limited to, reinstituting a cease and desist action.

I. The Department reserves all its rights, duties, and authority to enforce all statutes, rules and regulations under its jurisdiction against American Home Mortgage in the future regarding all matters not resolved by this Order, which includes, but is not limited, to said company and its branches pending renewal application under the OMLA. American Home Mortgage acknowledges and agrees that this Order is only binding upon the Department and not any other local, state or federal agency, department of office regarding matters within this Order.

J. The parties below are authorized to execute this Order and legally bind their respective parties.

K. This Order may be executed in separate counterparts and by facsimile.

For purposes of effecting this Settlement and Consent Order, it is hereby ORDERED and DECREED that:

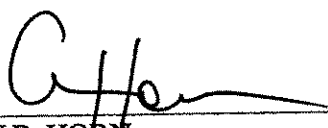
- 1) The parties to this Settlement and Consent Order shall abide by the terms of this Order as agreed.
- 2) Respondent shall surrender to the Division its OMLA certificates of registration as set forth in this Order.
- 3) The Respondent shall transfer servicing of its loans in conformity with the provisions of this Order.
- 4) The Notice of Order to Cease & Desist issued August 3, 2007 to the Respondent is hereby terminated. IT IS SO ORDERED.


LEIGH WILLIS

Deputy Superintendent of Consumer Finance
Ohio Division of Financial Institutions

Date: 11/7/07

Approved and Agreed
FOR AMERICAN HOME MORTGAGE ACCEPTANCE, INC.


ALAN B. HORN

Executive Vice-President and General Counsel

Date: 11/6/07

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