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STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF MORTGAGE LENDING

* * *

In re:
Residential Finance Corporation,
Respondent.

STIPULATED SETTLEMENT AGREEMENT

STIPULATED SETTLEMENT AGREEMENT

COMES NOW, The State of Nevada, Department of Business and Industry, Division of Mortgage Lending (the "Division"), and Residential Finance Corporation (the "Respondent") (each a "Party" and collectively, the "Parties") and hereby stipulate and agree through this Stipulated Settlement Agreement ("Agreement") as follows:

FACTUAL ALLEGATIONS

WHEREAS, Respondent is a licensed mortgage banker operating within the State of Nevada, and was issued a mortgage banker's license pursuant to Chapter 645E of the Nevada Revised Statutes and the regulations promulgated thereunder on March 12, 2007;

WHEREAS, pursuant to NRS 645E.300, the Division is charged with conducting "...such investigations as may be necessary to determine whether any person has violated any provision of this chapter, a regulation adopted pursuant to this chapter or an order of the Commissioner."

See, NRS 645E.300(2)(c);

WHEREAS, pursuant to NRS 645E.300, the Division is further charged with conducting "...such other examinations, periodic or special audits, investigations and hearings as may be

1 necessary and proper for the efficient administration of the laws of this State regarding
2 mortgage bankers..." See, NRS 645E.300(2)(e);

3 WHEREAS, the Respondent is a corporation organized and existing under the laws of
4 the State of Ohio with its corporate office located at 401 N. Front Street, Suite 300, Columbus,
5 Ohio 43215;

6 WHEREAS, the Respondent was issued a mortgage banker license (License No. 6012)
7 by the Division pursuant to Chapter 645E of NRS;

8 WHEREAS, the Respondent has only one office licensed by the Division to conduct
9 mortgage banker activity in the State of Nevada located at 7251 W. Lake Mead Boulevard,
10 Suite 315, Las Vegas, Nevada 89128;

11 WHEREAS, the Respondent has never been issued a mortgage broker license by the
12 Division pursuant to Chapter 645B of NRS;

13 WHEREAS, based upon information and belief, at relevant times herein mentioned,
14 Matthew Goodrich ("Goodrich"), Danielle Wiess ("Wiess"), Michael Schub ("Schub") and
15 Marcos Flores ("Flores") were loan originators affiliated with, or employed by, Residential
16 Finance and conducted mortgage banker activity in the State of Nevada from Residential
17 Finance's corporate office located at 401 N. Front Street, Suite 300, Columbus, Ohio 43215
18 ("Unlicensed Ohio Office");

19 WHEREAS, on approximately December 5, 2007, the Division received a written
20 complaint ("Complaint") from two individuals, CT and EG ("Complainants") concerning
21 Residential Finance, alleging, among other things, that:

22 a. After receiving a telemarketing lead in approximately May 2007,
23 Complainants contacted Residential Finance to refinance their home located in Las Vegas,
24 Nevada;

25 b. Goodrich, a loan originator affiliated with, or employed by, Residential
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1 Finance and conducting mortgage banker activity in the State of Nevada from Residential
2 Finance's Unlicensed Ohio Office, discussed two loans with Complainants:

3 (i) An initial loan with a higher interest rate; and

4 (ii) A subsequent loan with a lower interest rate after Complainants'
5 credit was repaired with the assistance of Goodrich. Complainants obtained the initial loan
6 with a higher interest rate. Per Goodrich the loan was not to contain a prepayment penalty;

7 c. Upon receipt of a copy of their signed loan documents, Complainants
8 contacted Goodrich, having noticed that the initial loan had a prepayment penalty;

9 d. Goodrich assured Complainants that the prepayment penalty would be
10 waived upon origination of the subsequent loan;

11 e. Thereafter, all calls to Goodrich concerning the subsequent loan went to
12 Goodrich's voice mailbox. Goodrich failed to respond to Complainants' e-mails;

13 f. Goodrich eventually returned Complainants' calls and said that he had
14 several options for them, including a 4% loan and a 5% 40-year loan. Complainants' asked for
15 additional information on those loans but Goodrich never responded;

16
17 WHEREAS, pursuant to NRS 645E.620, whether or not a complaint has been filed, the
18 Division may investigate a mortgage banker or other person if, for any reason, it appears that,
19 "...(t)he mortgage banker is conducting business in violation of any provision of this chapter, a
20 regulation adopted pursuant to this chapter or an order of the Commissioner; (t)he person is
21 offering or providing any of the services of a mortgage banker or otherwise engaging in,
22 carrying on or holding himself out as engaging in or carrying on the business of a mortgage
23 banker without being licensed or exempt from licensing pursuant to the provisions of this
24 chapter; or (t)he person is violating any other provision of this chapter, a regulation adopted
25 pursuant to this chapter or an order of the Commissioner..." See, NRS 645E.620(1)(a), (b),
26 (c);
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1 WHEREAS, pursuant to NRS 645E.900, unless a person is exempt from Chapter 645E
2 of NRS and complies with exemption requirements, “(i)t is unlawful for any person to offer or
3 provide any of the services of a mortgage banker or otherwise to engage in, carry on or hold
4 himself out as engaging in or carrying on the business of a mortgage banker without first
5 obtaining a license as a mortgage banker pursuant to this chapter....”;

6 WHEREAS, pursuant to NRS 645E.200, “(a) person who wishes to be licensed as a
7 mortgage banker must file a written application for a license with the Office of the
8 Commissioner and pay the fee required...An application for a license as a mortgage banker
9 must...(s)tate the name, residence and address and business address of the applicant and
10 the location of each principal office and branch office at which the mortgage banker will
11 conduct business in this State, including, without limitation, any office or other place of
12 business located outside this State from which the mortgage banker will conduct business in
13 this State....” See, NRS 645E.200(1)(b);

14 WHEREAS, pursuant to NRS 645E.100, a mortgage banker is defined to mean “...(a)
15 person who, directly or indirectly...(d)oes not engage in any...act or transaction described in
16 the definition of ‘mortgage broker,’ as set forth in NRS 645B.0127, unless the person is also
17 licensed as a mortgage broker pursuant to chapter 645B of NRS....” See, NRS
18 645E.100(1)(b)(2);

19 WHEREAS, after receiving the above-described Complaint regarding Residential
20 Finance, the Division conducted an investigation of the allegations in question. This
21 investigation revealed, among other things, that:

22 a. Residential Finance has never been licensed by the Division to conduct
23 mortgage banker activity in the State of Nevada pursuant to Chapter 645E of NRS from any
24 location other than 7251 W. Lake Mead Boulevard, Suite 315, Las Vegas, Nevada 89128.

25 b. Goodrich, Wiess, Schub and Flores, or any of them, have/has never
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1 been licensed by the Division to conduct mortgage banker activity in the State of Nevada
2 pursuant to Chapter 645E of NRS;

3 c. From approximately May 2007 to September 2007, Residential Finance,
4 through Goodrich, Wiess, Schub and Flores, conducted mortgage banker activity in the State
5 of Nevada from Residential Finance's unlicensed Ohio office, including discussing loan terms,
6 taking information from Complainants and other loan applicants (VC and DB, VG and SG,
7 and MR) and preparing and signing Form 1003's, Uniform Residential Loan Applications

8 d. At the time of conducting the above-referenced mortgage banker
9 activities, Residential Finance, Goodrich, Wiess, Schub and Flores, or any of them, were/was
10 neither a licensed mortgage banker nor exempt from licensing pursuant to the provisions of
11 Chapter 645E of NRS;

12 e. Complainants' loan was brokered to Option One Mortgage and a yield
13 spread premium ("YSP") was paid to Residential Finance in connection with this cash-out
14 refinance transaction; and
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16 f. The VG and SG loan was brokered and a YSP was paid to Residential
17 Finance in connection with this cash-out refinance transaction;

18 WHEREAS, Goodrich, through his corporate office, was asked to respond in writing to
19 the complaint but failed to do so. However, in a series of e-mails exchanged between Andrea
20 J. Golyer, Compliance Audit Investigator III with the Division ("Golyer") and Jennifer Latta,
21 associate counsel with Residential Finance ("Latta"), Latta confirmed, among other things,
22 that:
23

24 a. Contact was made with Complainants through a telemarketing lead;

25 b. In 2007, Residential Finance originated approximately 5 mortgage loans
26 in the State of Nevada out of its unlicensed Ohio office; and
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28 c. Residential Finance's licensed location in Nevada is 7251 W. Mead

1 Boulevard, 3rd Floor, Las Vegas, Nevada 89128.

2 WHEREAS, pursuant to NRS 645E.670, "...for each violation committed by a licensee,
3 the Commissioner may impose upon the licensee an administrative fine of not more than
4 \$10,000, may suspend, revoke or place conditions upon his license, or may do both, if the
5 licensee, whether or not acting as such... [i]s grossly negligent or incompetent in performing
6 any act for which he is required to be licensed pursuant to the provisions of this chapter, or
7 ...[d]oes not conduct his business in accordance with law or has violated any provision of this
8 chapter, a regulation adopted pursuant to this chapter or an order of the Commissioner; and
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10 WHEREAS, the PARTIES wish to resolve this matter without the necessity of the filing
11 of a complaint and a formal hearing.

12 NOW, THEREFORE, in consideration of the representations, covenants and
13 conditions set forth herein, the PARTIES stipulate and agree as follows:

14 1. Respondent hereby acknowledges and agrees, with full knowledge, to waive its
15 right to have the Division file a complaint and to go to a hearing in this matter.

16 2. The Parties agree that while Respondent's above-described actions constituted
17 a technical violation of NRS 645E.670, these actions were neither willful nor intentional.

18 3. In light of the Parties' desire to resolve this matter, Respondent shall, pursuant
19 to NRS 645E.670 and/or NRS 622.400, pay the sum of TWO HUNDRED AND FORTY
20 DOLLARS (\$240) to the Parties' for examination and/or investigation costs directly related to
21 the investigation of this case. Payment shall be made immediately upon Respondent's
22 execution of this Stipulation
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24 4. In light of the Parties' desire to resolve this matter, the Respondent shall further:

25 a. Immediately cease and desist from conducting activity requiring licensure
26 pursuant to NRS Chapter 645E and the regulations promulgated thereto from any location not
27 approved by the Division.
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1 b. Submit all the necessary paperwork to license its office located at 401 N. Front
2 Street, Suite 300, Columbus, Ohio 43215.

3 c. Fully comply with all other applicable laws and regulations.

4 5. Respondent further acknowledges and agrees that in the event that Respondent
5 violates any of the provision of the Agreement, the Division shall retain any and all remedies
6 available to it in accordance with NRS Chapter 645E.

7 6. The Parties agree and acknowledge that this Agreement shall constitute the
8 complete and final resolution of any issues arising out of the Division's investigation into
9 Respondent's conduct as specified herein.

10 7. The Parties represent and warrant that the person executing the instant
11 Agreement on behalf of each Party has full power and authority to do so, and has the legal
12 capacity to conduct the legal obligations assigned to it hereunder.

13 8. Respondent further acknowledges and agrees that the Division shall retain the
14 original of the Agreement.

15 9. This Agreement may be signed in counterparts and a facsimile signature shall
16 be deemed as valid as an original, however, Respondent shall immediately forward all original
17 signature pages to the Division.

18 10. The Agreement, as well as the rights and obligations of the Parties hereto shall
19 be interpreted, governed, and construed pursuant to the laws of the State of Nevada.

20 11. Any action to enforce the Agreement shall be brought in the Eighth Judicial
21 District Court of the State of Nevada in and for Clark County.

22 12. If the Division is successful in any action to enforce this Agreement, the court
23 may award it attorney's fees. It is specifically agreed that reasonable attorney's fees for the
24 State-employed attorneys shall be \$125 per hour.

25 13. Failure to declare a breach or the actual waiver of any particular breach of the
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1 Agreement or its material terms, by either Party, shall not operate as a waiver by such Party
2 of any of its rights or remedies as to any other breach.

3 14. The Respondent has the right to retain an attorney to review this Agreement at
4 its sole cost and expense and has freely and voluntarily chosen not to do so.

5 15. Other than the fines and investigative costs set forth herein, each side shall pay
6 its own costs and fees, including attorney's fees.

7 16. If any provision contained in the Agreement is held to be unenforceable by a
8 court of law or equity, the Agreement shall be construed as if such a provision(s) did not exist
9 and the unenforceability of such provision(s) shall not be held to render any other provision(s)
10 of the Agreement unenforceable.
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12 17. The Agreement constitutes the entire Agreement of the Parties, and it is
13 intended as a complete and exclusive statement of the promises, representations,
14 negotiations, and discussions of the Parties. Unless otherwise expressly authorized by its
15 terms, the Agreement shall be binding upon the Parties unless the same is in writing, signed
16 by the respective Parties hereto, and approved by the Office of the Attorney General.
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18 18. By executing this Agreement, you hereby agree that you are waiving certain
19 rights as set forth herein. As the Respondent, you are specifically informed that you have the
20 right to request that the Division file an administrative complaint against you, at any hearing
21 on such a complaint you have the right to appear and be heard in your defense, either
22 personally or through your counsel of choice. If the Division were to file a complaint, at the
23 hearing, the Division would have the burden of proving the allegations in the complaint and
24 would call witnesses and present evidence against you. You would have the right to respond
25 and to present relevant evidence and argument on all issues involved. You would have the
26 right to call and examine witnesses, introduce exhibits, and cross-examine opposing
27 witnesses on any matter relevant to the issues involved.
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1 You would have the right to request that the Commissioner of the Division issue
2 subpoenas to compel witnesses to testify and/or evidence to be offered on your behalf. In
3 making this request, you may be required to demonstrate the relevance of the witness's
4 testimony and/or evidence. Other important rights you have are listed in NRS Chapter 645E
5 and NRS Chapter 233B.

6 19. Neither this Agreement nor any statements made concerning this Agreement
7 may be discussed or introduced into evidence at the hearing of the complaint, if the Division
8 must ultimately put on a case based upon Respondent's failure to comply with the terms and
9 conditions of this Agreement.

10 20. Respondent understands and agrees that this Agreement may be used to show
11 that past violations have occurred should any future disciplinary action be taken by the
12 Division.

13 21. In consideration of execution of this Agreement, the Respondent for itself, its
14 owners, and their heirs, executors, administrators, successors, and assigns, hereby release,
15 remise, and forever discharge the State of Nevada, the Department of Business and Industry
16 of the State of Nevada, the Division, and each of their members, agents, attorneys (including
17 any and all employees of the Nevada Attorney General), and employees in their individual
18 and representative capacities, from any and all manner of actions, causes of action, suits,
19 debts, judgments, executions, claims, and demands whatsoever, known and unknown, in law
20 or equity, that the Respondent ever had, now has, may have, or claim to have against any or
21 all of the persons or entities named in this section, arising out of or by reason of the Division's
22 investigation, into this matter, and all other matters relating thereto.

23 22. Respondent hereby indemnifies and holds harmless the State of Nevada, the
24 Department of Business and Industry of the State of Nevada, the Division, and each of their
25 members, agents, and employees, and employees of the Nevada Attorney General in their
26 individual and representative capacities against any and all claims, suits, and actions brought
27 against said persons and/or entities by reason of the Division's investigation into this
28 disciplinary action, this Agreement, and all other matters relating thereto, and against any and

1 all expenses, damages, and costs, including court costs and attorney fees, which may be
2 sustained by the persons and/or entities named in this section as a result of said claims, suits,
3 and actions.

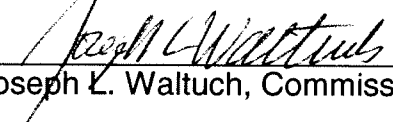
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5 IN WITNESS WHEREOF, the Parties have caused the Agreement to be signed and intend
6 to be legally bound thereby.

7 DATED this 28 day of April, 2009.

8
9 By:  S.V.P.
Residential Finance Corporation

10 DATED this 5th day of MAY April, 2009.

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12 STATE OF NEVADA, DEPARTMENT OF
13 BUSINESS AND INDUSTRY,
14 DIVISION OF MORTGAGE LENDING

15 By: 
16 Joseph L. Waltuch, Commissioner

CERTIFICATE OF SERVICE

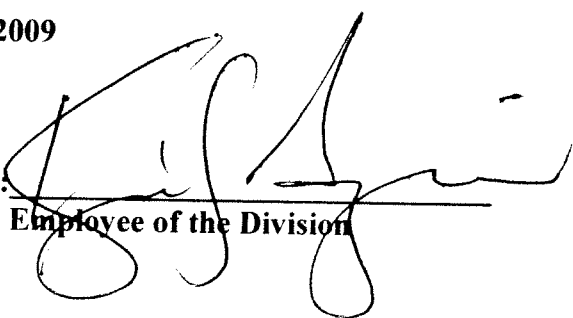
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I certify that I am an employee of the State of Nevada, Department of Business and Industry, Division of Mortgage Lending, and that on May 11, 2009, I deposited in the U.S. mail, postage prepaid via First Class Mail and Certified Return Receipt Requested, a true and correct copy of the foregoing. FULLY EXECUTED STIPULATED SETTLEMENT AGREEMENT for RESIDENTIAL FINANCE CORPORATION, addressed as follows:

**Residential Finance Corporation
Jennifer E. Latta Esq.
Associate Counsel
401 North Front Street
Columbus, OH 43215**

Certified Receipt Number: 7006 2760 0000 0875 9605

DATED this 8th day of May, 2009

By: 
Employee of the Division