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7 Attorneys for Complainant

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BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT

10

OF THE STATE OF CALIFORNIA

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In the Matter of:

) CRMLA LICENSE NO.: 413 1040

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THE COMMISSIONER OF BUSINESS
14 OVERSIGHT,

) SETTLEMENT AGREEMENT

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Complainant,

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v.

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LOANDEPOT.COM, LLC,

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Respondent.

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This Settlement Agreement (“Agreement”) shall be binding on the California Commissioner
24 of Business Oversight, and its officers, employees, agents, representatives, successors, and attorneys
25 (collectively, the “Commissioner”) and loanDepot.com LLC (“loanDepot”), and its subsidiaries,
26 officers, shareholders, employees, agents, representatives, successors, insurers, attorneys, affiliated
27 and related entities, principals, assignors, and assignees. The Commissioner and loanDepot shall
28 collectively be referred to as the “Parties.”

1 I.

2 **RECITALS**

3 On January 30, 2015, the Commissioner issued an Order to Discontinue Violations Pursuant
4 to Financial Code Section 50321 (“Order”), and a Notice of Intent to Issue Orders Suspending
5 License and Imposing Penalties captioned *In the Matter of the Accusation of The California*
6 *Commissioner of Business Oversight, Complainant v. LoanDepot.com LLC, Respondent*, File No. 413
7 1040, before the Department of Business Oversight (“Action”). The Order and the Notice of Intent to
8 Issue Order Suspending License and Imposing Penalties allege that loanDepot has failed to
9 implement procedures to ensure that it is properly reconciling its books and records with reference to
10 the trust accounts so as to avoid any trust shortages and/or overages in violation of the California
11 Residential Mortgage Lending Act (“CRMLA”), specifically Financial Code section 50202 and title
12 10, California Code of Regulations section 1950.314.1 which regulate the business and activities of
13 residential mortgage lenders and servicers.

14 The parties seek to resolve each and every aspect of the Action in consideration of the terms
15 and conditions described below.

16 Now, therefore, in consideration of the terms and conditions contained herein, the Parties
17 agree as follows:

18 II.

19 **TERMS AND CONDITIONS**

20 1. **Issuance of Final Order Pursuant to Financial Code Section 50321.** The Parties
21 hereby agree to the issuance of the Final Order Issued Pursuant to Financial Code Section 50321
22 (hereinafter “Final Order”) to become effective upon the execution of this Agreement. A true and
23 correct copy of the Final Order is attached hereto and incorporated herein by reference as **Exhibit 1**.

24 2. **Administrative Costs.** loanDepot agrees to pay to the Commissioner costs totaling
25 \$50,000.00 (“Costs”). Such Costs shall be paid by Respondent and received by the Commissioner
26 within 10 days of the execution of this Agreement. The check shall be made payable to “The
27 Department of Business Oversight,” and shall be sent by Respondent to the following address:

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1 **Marlou de Luna, Esq.**
2 **Senior Counsel**
3 **Department of Business Oversight**
4 **320 W. 4th Street, Suite 750**
5 **Los Angeles, CA 90013**

6 In the event the payment due date falls on a weekend or holiday, the payment shall be due the next
7 business day. loanDepot acknowledges that failure to timely pay the Costs in this Agreement shall
8 be a breach of this Agreement and shall be cause for the Commissioner to initiate a revocation
9 action of licenses held by, and/or denial of any pending application(s) of loanDepot, its successors
10 and assigns, by whatever names they might be known.

11 3. **Waiver of Hearing Rights.** loanDepot acknowledges its right to a hearing under
12 the CRMLA in connection with the Notice of Intent to Make Final an Order to Discontinue
13 Violations Pursuant to Financial Code Section 50321, and the Notice of Intent to Issue Orders
14 Suspending License and Imposing Penalties, and hereby waives that right to a hearing, and to any
15 reconsideration, appeal, or other right to review which may be afforded pursuant to the
16 CRMLA, the California Administrative Procedure Act, the Code of Civil Procedure, or any
17 other provision of law, and by waiving such rights, consents to the Costs becoming final.

18 4. **Certification.** loanDepot stipulates to undertake all appropriate steps to assure full
19 compliance with California law in the conduct of its business. In accordance with this Agreement,
20 loanDepot provided the Commissioner with the policies and procedures that it will implement to
21 ensure that it is properly reconciling its books and records with reference to the trust accounts so as
22 to avoid any trust shortages or overages, as required by Financial Code section 50202 and title 10
23 California Code of Regulations sections 1950.314.1 and 1950.314.6. loanDepot shall include the
24 procedures in its reconciliation process which it will implement to verify that the trust bank
25 balances reconcile to the trust liability controlling account and subsidiary ledgers. The policies and
26 procedures should prevent any 1) debit balances; 2) excess of monies in the trust accounts; and 3)
27 trust shortages. To ensure the implementation of the above described policies and procedures,
28 loanDepot has provided to the Commissioner the most recent reconciliation of the trust bank
accounts to the liability controlling accounts in the general ledger and to the subsidiary ledgers.

1 loanDepot also provided a copy of the balance sheet for the same month. These policies and
2 procedures have been submitted to and approved by the Commissioner.

3 5. **Future Actions by the Commissioner.** The Commissioner reserves the right to
4 bring any future action(s) against loanDepot or any of the officers, directors, shareholders, or
5 employees of loanDepot for any and all unknown or future violations of the CRMLA. This
6 Agreement shall not serve to exculpate loanDepot or any of the officers, directors, shareholders, or
7 employees of loanDepot from liability for any and all unknown or future violations of the
8 CRMLA which do not form the basis for this Settlement Agreement and which are not (a)
9 violations described in the Accusation filed by the Department in this Action that arose prior to
10 the Effective Date described below in Section 6, or (b) violations relating to loanDepot's alleged
11 failure to hold authority under its CRMLA license to service residential mortgage loans.

12 6. **Effective Date.** This Agreement shall not become effective until signed, and
13 delivered by the Parties.

14 7. **Settlement Agreement Coverage.** The Parties hereby acknowledge and agree that
15 this Agreement is intended to constitute a full, final, and complete resolution of this matter.
16 The Parties further acknowledge and agree that nothing contained in this Agreement shall operate to
17 limit the Commissioner's ability to assist any other agency, county, state or federal, with any
18 prosecution, administrative, civil or criminal, brought by any such agency against loanDepot
19 based upon any of the activities alleged in this matter or otherwise.

20 8. **Independent Legal Advice.** Each of the Parties represents, warrants, and agrees
21 that it has received or been advised to seek independent legal advice from its attorneys with
22 respect to the advisability of executing this Agreement.

23 9. **No Other Representation.** Each of the Parties represents, warrants, and agrees that in
24 executing this Agreement it has relied solely on the statements set forth herein and the advice of its
25 own counsel. Each of the Parties further represents, warrants, and agrees that in executing
26 this Agreement it has placed no reliance on any statement, representation, or promise of any
27 other party, or any other person or entity not expressly set forth herein, or upon the failure of any
28 party or any other person or entity to make any statement, representation or disclosure of

1 anything whatsoever. The Parties have included this clause: (1) to preclude any claim that any
2 party was in any way fraudulently induced to execute this Agreement; and (2) to preclude the
3 introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this
4 Agreement.

5 10. **Modifications and Qualified Integration.** No amendment, change or
6 modification of this Agreement shall be valid or binding to any extent unless it is in writing
7 and signed by all of the parties affected by it.

8 11. **Full Integration.** This Agreement is the final written expression and the
9 complete and exclusive statement of all the agreements, conditions, promises, representations,
10 and covenants between the parties with respect to the subject matter hereof, and supersedes all
11 discussions between and among the Parties, their respective representatives, and any other
12 person or entity, with respect to the subject matter covered hereby.

13 12. **No Presumption From Drafting.** In that the Parties have had the opportunity to
14 draft, review and edit the language of this Agreement, no presumption for or against any party
15 arising out of drafting all or any part of this Agreement will be applied in any action
16 relating to, connected to, or involving this Agreement. Accordingly, the Parties waive the
17 benefit of Civil Code section 1654 and any successor or amended statute, providing that in
18 cases of uncertainty, language of a contract should be interpreted most strongly against the party
19 who caused the uncertainty to exist.

20 13. **Signatures.** A fax signature or e-mail scanned signature of this Agreement shall be as
21 effective as an original ink signature.

22 14. **Counterparts.** This Agreement may be executed in any number of counter-
23 parts by the Parties, and when each party has signed and delivered at least one such counterpart
24 to the other party, each counterpart shall be deemed an original and taken together shall
25 constitute one and the same Agreement.

26 15. **Headings and Governing Law.** The headings to the paragraphs of this Agreement
27 are inserted for convenience only and will not be deemed a part hereof or affect the
28 construction or interpretation of the provisions hereof. This Agreement shall be

1 construed and enforced in accordance with, and governed by, the laws of the State of
2 California.

3 16. **Authority For Settlement**. Each party warrants and represents that such party is
4 fully entitled and duly authorized to enter into and deliver this Agreement. In particular, and
5 without limiting the generality of the foregoing, each party warrants and represents that it is
6 fully entitled to enter into the covenants, and undertake the obligations set forth herein.

7 17. **Public Record**. loanDepot hereby acknowledges that this Agreement will be a
8 matter of public record.

9 18. **Voluntary Agreement**. The Parties each represent and acknowledge that he, she
10 or it is executing this Agreement completely voluntarily and without any duress or undue
11 influence of any kind from any source.

12 [Remainder of page intentionally left blank. Signature Page to follow.]
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[Signature Page]

IN WITNESS WHEREOF, the Parties have approved and executed this Agreement on the dates set forth opposite their respective signatures.

JAN LYNN OWEN
Commissioner of Business Oversight

Dated: 11/13/15

By: _____
Mary Ann Smith
Deputy Commissioner

LOANDEPOT.COM, LLC

Dated: 11/13/15

By: _____
Peter Macdonald
General Counsel for LOANDEPOT.COM, LLC

APPROVED AS TO FORM:

Dated: 11/14/15

By: _____
Marlou de Luna
Senior Counsel
Department of Business Oversight

Dated: 11/13/15

By: _____
Ryan Stocking
Attorney for LOANDEPOT.COM, LLC