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California Corporations Commissioner
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Deputy Commissioner
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7 Attorneys for Complainant
8

9 BEFORE THE DEPARTMENT OF CORPORATIONS
10 OF THE STATE OF CALIFORNIA
11

12 In the Matter of)
13)

OAH No. 2008100630

14 THE CALIFORNIA CORPORATIONS)
15 COMMISSIONER,)

AGENCY CASE No. 603-8908 & 309-3035

16 Complainant,)

SETTLEMENT AGREEMENT

17 v.)

18 VALUE HOME LOAN, INC. d.b.a. MBS)
19 SECURITIES,)

20 Respondent.)
21

22 This Settlement Agreement is entered into between Value Home Loan, Inc. d.b.a. MBS
23 Securities (“VHL”), and the California Corporations Commissioner (“Commissioner”) (together, the
24 “Parties”), and is made with respect to the following facts.

25 **RECITALS**

26
27 A. VHL is a finance lender licensed by the Commissioner pursuant to the California
28 Finance Lenders Law of the State of California (California Financial Code §22000 *et seq.*) (“CFL”).

1 VHL is a California corporation who currently holds a license issued under the CFLL for the location
2 at 5959 Topanga Canyon, #201, Woodland Hills, CA, 91367 (“License”).

3 B. VHL also holds a permit issued by the Commissioner under Corporations Code
4 section 25113 to offer and sell securities in the form of interests in promissory notes secured by deeds
5 of trust (“Permit”).

6 C. On or about September 22, 2008, the Department issued to VHL, a Notice of Intention
7 to Enter an Order Revoking Permit Issued Pursuant to California Corporations Code section 25113,
8 Accusation In Support of Revoking Permit Issued Pursuant to California Corporations Code section
9 25113, and an Order Summarily Suspending Permit Issued Under Section 25113, Department
10 reference file number 309-3035 (“Action #1”). A copy of Action #1 is attached and incorporated
11 herein as “Exhibit 1”.

12 D. On or about October 3, 2008, the Department issued to VHL, a Notice of Intention to
13 Enter an Order Revoking California Finance Lender License and Accusation In Support of Revoking
14 California Finance Lender License, Department reference file number 603-8908 (“Action #2”). A
15 copy of Action #2 is attached and incorporated herein as “Exhibit 2”.

16 E. VHL timely requested a hearing on both the Accusation In Support of Revoking
17 California Finance Lender License, and the Accusation In Support of Revoking Permit Issued
18 Pursuant to California Corporations Code section 25113, as permitted by law, on or about October 7,
19 2008 and October 14, 2008. VHL voluntarily waived its right to proceed to hearing within thirty (30)
20 days of VHL’s request for hearing in both Action #1 and Action #2 so that the matter may be heard
21 beyond thirty (30) days as may be ordered by the Administrative Law Judge, on or about October 9,
22 2008 and October 17, 2008.

23 F. In or about January 2009, Action #1 and Action #2 were consolidated for procedural
24 calendaring purposes into one (1) administrative proceeding in the interest of judicial economy and
25 efficiency. This matter was to be adjudicated before the Office of Administrative Hearings in or
26 about August 2009.

27 G. It is the intention of the Parties to resolve this matter without the necessity of an
28 administrative hearing or any other litigation.

NOW, THEREFORE, for good and valuable consideration, and the terms and conditions set
forth herein, the Parties agree as follows:

TERMS AND CONDITIONS

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1. This Agreement is entered into for the purpose of judicial economy and expediency.

2. VHL acknowledges its right to a hearing under the CFLL or California Securities Law in connection with the Commissioner’s Notice referenced herein, and it hereby waives the right to any appeal, or other right to review, if any, which may be afforded pursuant to the CFLL, the Corporate Securities Law, the California Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law, and by waiving such rights, it consents to the Agreement as final.

3. VHL neither admits nor denies the allegations set forth in Action #1 and Action #2 in entering into this Agreement.

4. Any admissions of VHL, herein, are solely for the limited purposes of these proceedings and any future proceedings(s) that may be initiated by or brought before the Commissioner against VHL. It is the intent and understanding between the parties that this Agreement, shall not be binding or admissible against VHL in any action(s) brought against VHL by third parties.

5. VHL hereby agrees to the issuance by the Commissioner of an order revoking VHL’s Permit Issued Pursuant to California Corporations Code section 25113, which expired on October 9, 2008, the basis of Action #1. The revocation shall become effective immediately upon the execution of this Agreement by both parties. A copy of the revocation order is attached and incorporated as “Exhibit 3”.

6. VHL acknowledges its right to an administrative hearing under the Corporate Securities Law in connection with Action #1. VHL hereby withdraws its request for administrative hearing issued to the Department in or about October 2008. VHL hereby waives its right to a hearing, and to any reconsideration, appeal, or other rights that may be afforded pursuant to the Corporate Securities Law, the California Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law in connection with this matter.

7. The Department hereby agrees to issue an order withdrawing Action #2, the Accusation In Support of Revoking California Finance Lender License. The order withdrawing

1 Action #2 shall become effective immediately upon the execution of this Agreement by both parties.
2 A copy of the order withdrawing Action #2 is attached and incorporated as "Exhibit 4". VHL hereby
3 withdraws its request for administrative hearing regarding Action #2 issued to the Department in or
4 about October 2008, based on the order withdrawing Action #2.

5 8. The Commissioner reserves the right to bring any future actions against VHL or any
6 of its partners, employees or successors for any and all future violations of the Corporate Securities
7 Law or the CFLL. This Agreement shall not serve to exculpate VHL or any of its partners,
8 employees or successors from liability for any and all future violations of the Corporate Securities
9 Law or the CFLL.

10 9. The Parties hereby acknowledge and agree that this Agreement is intended to
11 constitute a full, final and complete resolution of Action #1 and Action #2. The Parties further
12 acknowledge and agree that nothing contained in this Agreement shall operate to limit the
13 Commissioner's ability to assist any other agencies with any administrative, civil or criminal
14 prosecution brought by any such agency against VHL based upon any of the activities alleged in this
15 matter or otherwise.

16 10. Each of the Parties represents, warrants, and agrees that in executing this Agreement it
17 has relied solely on the statements set forth herein and has placed no reliance on any statement,
18 representation, or promise of any other party, or any other person or entity not expressly set forth
19 herein, or upon the failure of any party or any other person or entity to make any statement,
20 representation or disclosure of anything whatsoever. The Parties have included this clause: (1) to
21 preclude any claim that any party was in any way fraudulently induced to execute this Agreement;
22 and (2) to preclude the introduction of parol evidence to vary, interpret, supplement, or contradict the
23 terms of this Agreement.

24 11. This Agreement, including the attached Exhibits, is the final written expression and
25 the complete and exclusive statement of all the Agreements, conditions, promises, representations,
26 and covenants between the Parties with respect to the subject matter hereof, and supercedes all prior
27 or contemporaneous Agreements, negotiations, representations, understandings, and discussions
28 between and among the Parties, their respective representatives, and any other person or entity.

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2 12. In that the Parties have had the opportunity to draft, review and edit the language of
3 this Agreement, no presumption for or against any party arising out of drafting all or any part of this
4 Agreement will be applied in any action relating to, connected, to, or involving this Agreement.
5 Accordingly, the Parties waive the benefit of California Civil Code section 1654 and any successor or
6 amended statute, providing that in cases of uncertainty, language of a contract should be interpreted
7 most strongly against the party who caused the uncertainty to exist.

8 13. This Agreement shall not become effective until signed by VHL and delivered by all
9 Parties. The Commissioner shall file this Agreement with the Office of Administrative Hearings five
10 (5) business days after execution by all Parties.

11 14. This Agreement may be executed in any number of counterparts by the Parties and when
12 each party has signed and delivered at least one such counterpart to the other party, each counterpart
13 shall be deemed an original and taken together shall constitute one and the same Agreement.

14 15. No amendment, change or modification of this Agreement shall be valid or binding to
15 any extent unless it is in writing and signed by all of the Parties affected by it.

16 16. The headings to the paragraphs of this Agreement are inserted for convenience only and
17 will not be deemed a part hereof or affect the construction or interpretation of the provisions hereof.
18 This Agreement shall be construed and enforced in accordance with and governed by California law.

19 17. Each party covenants that they possess all necessary capacity and authority to sign and
20 enter into this Agreement. Each party warrants and represents that such party is fully entitled and duly
21 authorized to enter into and deliver this Agreement. In particular, and without limiting the generality of
22 the foregoing, each party warrants and represents that it is fully entitled to enter into the covenants, and
23 undertake the obligations set forth herein.

24 18. VHL acknowledges that this Agreement is a public record.

25 19. The Parties each represent and acknowledge that it is executing this Agreement
26 completely voluntarily and without any duress or undue influence of any kind from any source.

27 20. Each of the Parties represents, warrants, and agrees that it has received or been
28 advised to seek independent legal advice from an attorney with respect to the advisability of

1 executing this Agreement. VHL acknowledges that it has willingly and knowingly decided to not
2 seek the advice of legal counsel prior to entering into this Agreement.

3 21. Notice shall be provided to each party at the following addresses:

4 If to Respondent to:

5 Value Home Loans, Inc. d.b.a. MBS Securities
6 5959 Topanga Canyon, #201
7 Woodland Hills, California, 91367

8 If to the Commissioner to:

9 Marisa I. Urteaga-Watkins, Esq.
10 Department of Corporations
11 1515 K Street
12 Sacramento, CA 95814

13 22. Each signator hereto covenants that he/she possesses all necessary capacity and
14 authority to sign and enter into this Settlement Agreement.

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

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18 Dated: June 18, 2009

PRESTON DuFAUCHARD
California Corporations Commissioner

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20 By _____

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22 ALAN S. WEINGER
23 Deputy Comissioner
24 Enforcement Division

25 VALUE HOME LOAN, INC. d.b.a. MBS SECURITIES

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27 Dated: June 10, 2009 By _____