

SETTLEMENT AGREEMENT
JAMES B. NUTTER & COMPANY

WHEREAS, JAMES B. NUTTER & COMPANY (hereafter "Nutter" or the "Corporation"), a corporation organized under the laws of, and headquartered in, Kansas City, Missouri, with full knowledge of its rights to notice and hearing pursuant to the laws of the District of Columbia, the States of Alaska, Connecticut, Illinois, Louisiana, Maryland, and North Carolina and the Commonwealths of Kentucky, Massachusetts and Pennsylvania (collectively, the "States") and having waived those rights, enters into this Settlement Agreement ("Agreement"), dated March 23, 2012, with representatives of the Alaska Department of Commerce, Community, and Economic Development; the Connecticut Department of Banking; the District of Columbia Department of Insurance, Securities, and Banking; the Illinois Department of Financial and Professional Regulation; the Kentucky Department of Financial Institutions; the Louisiana Office of Financial Institutions; the Maryland Department of Financial Regulation; the Massachusetts Division of Banks; the North Carolina Office of the Commissioner of Banks; and the Pennsylvania Department of Banking (hereafter the "State Mortgage Regulators") solely for the purpose of resolving this matter in its entirety and without admitting any allegations or implications of fact or any violation of laws, regulations and rules governing the conduct and operation of Nutter's mortgage business in each. Nutter and the States are collectively referred to as the "Parties."

WHEREAS, on or about July 26, 2010, the State Mortgage Regulators commenced a multi-state examination (the "Multi-State Examination") of Nutter covering the period of June 1, 2008 to May 31, 2010, in order to determine Nutter's compliance with applicable Federal and States' laws and regulations, financial adequacy, effectiveness and efficiency of management controls and operations.

WHEREAS, each State Mortgage Regulator conducted the Multi-State Examination pursuant to its statutory authority as well as protocols established by the CSBS/AARMR Nationwide Cooperative Protocol for Mortgage Supervision, as well as the Nationwide Cooperative Agreement for Mortgage Supervision.

WHEREAS, Nutter is licensed under the laws of the States and has its corporate headquarters located at 4153 Broadway, Kansas City, Missouri 64111 and maintains various licensed branch offices in the States.

WHEREAS, Nutter cooperated with the State Mortgage Regulators during the course of the Multi-State Examination by: voluntarily providing documentation, including evidence of its efforts to comply with applicable laws, rules and regulations, access to its employees, systems and facilities, and responding to inquiries, both verbally and in writing.

WHEREAS, the Multi-State Examination and related State Specific Reports of Examination (collectively referred to as the "Multi-State Examination"), which were prepared by the State Mortgage Regulators and issued to Nutter on January 21, 2011, asserted compliance findings in the States with applicable laws, regulations, and rules governing Nutter's mortgage business.

WHEREAS, on or about March 31, 2011, Nutter provided a response to the State-specific findings contained in the Multi-State Examination to the State Mortgage Regulators whereby Nutter acknowledged certain findings contained therein and disputed certain others.

WHEREAS, after negotiation and solely for the purpose of resolving all findings asserted by the State Mortgage Regulators, and without Nutter admitting wrongdoing or agreeing to the States' findings, the Parties seek to resolve by mutual agreement and without protracted administrative proceedings and judicial review all of the findings made by the State Mortgage

Regulators, pursuant to each State Mortgage Regulator's statutory authority. Nutter hereby waives its right to the hearing processes relative to such proceedings in each individual State and affirms that Nutter is willing to take the actions as set forth in this Agreement.

WHEREAS, in negotiating this Agreement, the States sought payments from Nutter that would not render Nutter insolvent.

WHEREAS, in order to ensure that the payments made by Nutter hereunder would not render Nutter insolvent, the States requested and Nutter provided certified financial statements indicating that Nutter would be solvent on a balance sheet basis and would be able to pay its obligations in the ordinary course of business after payment of all amounts required herein.

MULTI-STATE EXAMINATION FINDINGS

WHEREAS, the Multi-State Examination found that Nutter failed to meet certain State reporting requirements.

WHEREAS, the Multi-State Examination found that Nutter misconstrued certain state regulations and thereby allowed certain unlicensed individuals to originate mortgage loans.

WHEREAS, the Multi-State Examination found that Nutter lacked sufficient controls in some areas of its mortgage origination operations.

WHEREAS, the Multi-State Examination found that Nutter failed to retain certain files and records.

WHEREAS, the Multi-State Examination found that, in one state, with respect to one loan, Nutter conducted business with an unlicensed third party originator.

WHEREAS, the Multi-State Examination found that Nutter failed to meet certain State disclosure requirements.

WHEREAS, the Multi-State Examination found that Nutter failed to meet certain statutory sections of the State Mortgage Regulators, summarized in Appendix A.

WHEREAS, Nutter contends that no borrowers were harmed by any of Nutter's actions addressed in the Multi-State Examination.

WHEREAS, the Parties now seek to resolve by mutual agreement all issues raised during the Multi-State Examination.

AGREEMENT OBLIGATION

1. Compliance. Upon the Effective Date of this Agreement, Nutter shall maintain procedures to:
 - a) Ensure that: (i) all mortgage loans are originated by mortgage loan originators ("MLOs") who are properly licensed in the state in which the MLO conducts business; and (ii) all mortgage applications are taken and signed by the licensed MLO conducting the application interview;
 - b) Ensure that all policies, procedures and controls permit only licensed individuals to engage in mortgage origination activities;
 - c) Ensure that its annual reporting complies with the laws in the State Mortgage Regulators' jurisdictions;
 - d) Ensure that its record-keeping complies with the laws in the State Mortgage Regulators' jurisdictions; and
 - e) Ensure that all records originated by Nutter in the course of business are preserved and retained in a manner as prescribed by applicable State and Federal laws.

2. Settlement Payments. Upon execution hereof, Nutter shall make a payment in the amount of four hundred ninety-two thousand fifty dollars (US \$492,050), which shall be apportioned among the State Mortgage Regulators as follows:

- (a) Alaska: US \$10,000
- (b) Connecticut: US \$13,000
- (c) District of Columbia: US \$33,000
- (d) Illinois: US \$217,000
- (e) Kentucky: US \$12,000
- (f) Louisiana: US \$10,050
- (g) Maryland: US \$45,000
- (h) Massachusetts: US \$64,000
- (i) North Carolina: US \$38,000
- (j) Pennsylvania: US \$50,000

The payments submitted pursuant to Paragraphs 2(a) through 2(j) of this Agreement must be submitted in accordance with the payment instructions provided by each of the States. Nutter and each State acknowledge and agree that the portion of the above payments allocated to each State is appropriate, but that the total aggregate payments made to the States under this Agreement shall not exceed the \$492,050 sum identified above.

Nutter acknowledges that any surety bond(s) that it may maintain in each of the States as a condition to maintaining the Corporation's mortgage license has been and continues to be a surety bond for payment of obligations of the type provided for in this Agreement. In the event that Nutter fails to submit any payment(s) set forth in this Agreement, in the amounts specified herein and in accordance with the applicable deadlines, Nutter agrees that the Corporation will

not object to the State(s) submitting a claim(s), nor attempt to defend or defeat such authorized claim(s), for any unpaid amount(s) against said surety bond(s).

3. Reverse Mortgage Program. Nutter agrees to undertake a comprehensive review and thereafter establish, implement and maintain policies and procedures to ensure that Nutter complies with all laws, regulations, guidance, and program requirements for offering reverse mortgage products in the States. The policies and procedures must be maintained to ensure, at a minimum, that a system of internal controls is maintained to verify Nutter's compliance, in those jurisdictions where such additional provisions apply, with the following: (a) counseling requirements for reverse mortgage applicants and any associated record retention requirements to document compliance therewith; (b) consumer disclosure completion requirements; and (c) timing requirements for application processing.

4. **General Compliance:** Nutter hereby represents to the State Mortgage Regulators that Nutter has implemented, and will continue to maintain, procedures to ensure that the Corporation complies with all regulatory requirements imposed by each individual State Mortgage Regulator pursuant to the provisions of the Multi-State Examination.

GENERAL PROVISIONS

5. **Effectiveness.** This Agreement shall become effective immediately upon the date of its execution by the State Mortgage Regulators ("Effective Date").

6. **Consent.** Nutter hereby knowingly, willingly, voluntarily and irrevocably consents to the execution of this Agreement (without any admission of liability) pursuant to the authority of the State Mortgage Regulators in each State and agrees that it understands all of the terms and conditions contained herein. Nutter, by voluntarily entering into this Agreement waives any right

to a hearing or appeal concerning the terms, conditions and/or payments set forth in this Agreement.

7. Public Record. The provisions of this Agreement shall become public upon the Effective Date of this Agreement.

8. Entire Agreement. This 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 Agreement.

9. Binding Nature. The terms of this Agreement shall be legally binding upon each State Mortgage Regulator and Nutter's officers, owners, directors, employees, heirs, successors and assigns. The provisions of this Agreement shall remain effective and enforceable except to the extent that, and until such time as, any provisions of this Agreement shall have been modified, terminated, suspended, or set aside, in writing by mutual agreement of the State Mortgage Regulators collectively and Nutter.

10. Standing and Choice of Law. Each participating State Mortgage Regulator has standing to enforce this agreement in the courts or administrative hearing process of the State Mortgage Regulator's home state. In the event of any disagreement between any State Mortgage Regulator and Nutter regarding the enforceability or interpretation of this agreement or any party's compliance therewith, the courts or administrative hearing process of the state of the State Mortgage Regulator shall have exclusive jurisdiction over the dispute, and the substantive and procedural laws of said State Mortgage Regulator's home state shall govern the interpretation, construction and enforceability of this agreement.

11. Counsel. This Agreement is entered into by the parties upon full opportunity for legal advice from legal counsel.

12. Privilege. None of the Parties hereto waives or intends to waive any applicable attorney-client, work product privilege, confidentiality, or any other protection applicable to any negotiations, statements, production of records, information or proceedings relative to this Agreement. This provision shall survive termination of this Agreement.

13. Limited Release. This Agreement is the complete document representing the resolution of only the matters and findings noted in the Multi-State Examination. Neither Nutter nor any of its owners, directors, officers or employees will be subject to any related examination or enforcement claims or actions by the State Mortgage Regulators arising out of any mortgage loan activities that fall within the scope and time period covered by the Multi-State Examination. The State Mortgage Regulators reserve all of their rights, duties, and authority to enforce all statutes, rules and regulations under their jurisdictions against Nutter regarding any mortgage loan activities falling beyond either the findings of, and matters noted in, the Multi-State Examination or outside the time period covered by the Multi-State Examination.

14. Other Enforcement Action.

- a. Notwithstanding any other relief to the contrary, if Nutter fails to comply with any of the terms and conditions set forth in Section 1, 2, 3 or 4 above (the "Agreement Obligations"), the State Mortgage Regulators may pursue any action allowed by law concerning such failure, including, but not limited to, revocation of any license of Nutter, imposition of any fine against Nutter, or any other remedy allowed by law. Further, the parties acknowledge and agree that any such failure by Nutter to comply with the Agreement Obligations with respect to a particular State shall be treated as a violation of an order of the State Mortgage Regulator of such State and may be enforced as such.

b. Nutter acknowledges and agrees that this Agreement is only binding on the State Mortgage Regulators and not any other local, state or federal agency, department or office regarding matters within this Agreement.

15. Authorization. The Parties below are authorized to execute this Agreement and legally bind their respective parties.

16. Counterparts. This Agreement may be executed in separate counterparts, by facsimile or by PDF. A copy of the signed Agreement will be given the same effect as an originally signed Agreement.

17. Titles. The titles used to identify the paragraphs of this Agreement are for the convenience of reference only and do not control the interpretation of this Agreement.

WHEREFORE, in consideration of the foregoing, including the recital paragraphs, the State Mortgage Regulators and Nutter intending to be legally bound do hereby execute this Agreement.

FOR JAMES B. NUTTER & COMPANY

/s/ George B. Lopez
(Officer Signature)

George B. Lopez
(Print Officer Name)

Executive Vice President
(Title)

Date: March 16, 2012

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FOR THE ALASKA DEPARTMENT OF COMMERCE, COMMUNITY AND
ECONOMIC DEVELOPMENT,

/s/ Lorie L. Hovanec
(Signature)

Lorie L. Hovanec
(Print Name)

Director, Division of Banking and Securities
(Title)

Date: March 19, 2012