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**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF ALAMEDA**

THE PEOPLE OF THE STATE OF
CALIFORNIA, by the Attorney General, the
California Corporations Commissioner, and the
District Attorneys of Alameda, Los Angeles,
Merced, Monterey, San Francisco, and San
Mateo Counties,

Plaintiff,

v.

AMERIQUEST MORTGAGE COMPANY, a
Delaware corporation; ACC CAPITAL
HOLDINGS CORPORATION, a Delaware
corporation; TOWN AND COUNTRY
CREDIT CORPORATION, a Delaware
corporation; and AMC MORTGAGE
SERVICES, INC., formerly known as Bedford
Home Loans, a Delaware corporation,

Defendants.

Case No.: **RG06260804**
**PERMANENT INJUNCTION AND
FINAL JUDGMENT**

RECORDED
FILED
ALAMEDA COUNTY

MAR 23 2008

CLERK OF THE SUPERIOR COURT
By: [Signature]

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1 It appearing to this Court that Plaintiff the People of the State of California, by and
2 through the Attorney General, the California Corporations Commissioner, and the District
3 Attorneys of Alameda, Los Angeles, Merced, Monterey, San Francisco, and San Mateo Counties
4 ("Plaintiff," "the State" or "the State of California") and Defendants ACC Capital Holdings
5 Corporation ("ACCCH"), and its subsidiaries Ameriquest Mortgage Company ("AMQ"), Town
6 & Country Credit Corporation ("TCCC"), and AMC Mortgage Services, Inc., formerly known as
7 Bedford Home Loans (hereafter "AMC"), on behalf of themselves and their successors, assigns,
8 predecessors, and any future acquired or created corporations or other business entities of
9 ACCCH, AMQ, TCCC or AMC, engaged in the Retail Based origination and funding of real
10 estate secured, owner-occupied, residential mortgage loans, have resolved the matters in
11 controversy between them and have consented to the terms of this judgment, and good cause
12 having been shown, the Court hereby enters this Stipulated Permanent Injunction and Final
13 Judgment.

14 I. DEFINITIONS

15 For purposes of this Permanent Injunction and Final Judgment, the following Definitions
16 apply (capitalized terms used in a definition are themselves defined below):

17 A. "Adjustable Rate Mortgage" means a Loan that has "a variable rate feature" as
18 used in 12 C.F.R. § 226.18(f).

19 B. "Ameriquest Party(ies)" means, as the context requires, any ACCCH subsidiary,
20 including those acquired or formed in the future, involved in the Retail Based origination and
21 funding of real estate secured, owner-occupied, residential mortgage loans, and also including its
22 current Retail Based real estate lending subsidiaries AMQ, AMC and TCCC, and the respective
23 successors and assigns and all the respective employees, officers and directors (solely in their
24 respective official capacities during the term of their employment or directorship and not in their
25 individual capacities) of these subsidiaries. This term does not include ACCCH or any
26 subsidiaries that are not involved in the Retail Based origination and funding of real estate
27 secured, owner-occupied, residential mortgage loans.
28

1 **C. “Annual Percentage Rate” and “APR”** mean the measure of the cost of credit
2 expressed as a yearly rate, calculated according to the provisions of TILA.

3 **D. “Appraisal”** means a written or electronic analysis by an appraiser licensed or
4 certified under the laws California or any other political subdivision of California to conduct
5 Appraisals of the value or worth of a single-family or 1-4 unit residential property proposed to
6 serve as collateral for a Loan. The term does not include reports that estimate the value of
7 residential property by means of an Automated Valuation Model or AVM.

8 **E. “Appraisal Department”** means that department of an Ameriquet Party housing
9 employees with responsibility for ordering and reviewing appraisals, which is located at the
10 regional or headquarters office of the Ameriquet Party. It includes members of the Appraisal
11 and Business Control Groups but does not include any employees who are Sales Personnel.

12 **F. “Borrower”** means an individual who has consummated a Loan with an
13 Ameriquet Party.

14 **G. “Closing”** means the process during which a Borrower executes a note and
15 security instrument regarding a lien on real property in connection with a Loan. In some Settling
16 States a Closing is referred to as a “settlement” and in others as an “escrow.”

17 **H. “Covered Transactions”** means any Loans originated by any Ameriquet Party
18 during the period January 1, 1999 through and including December 31, 2005.

19 **I. “Debt Collector”** means a person or entity who is a debt collector as that term is
20 defined at 15 U.S.C. § 1692a (6), and [insert applicable state law provision, if any].

21 **J. “Discount Points”** means fees or charges paid by the Borrower to an Ameriquet
22 Party at the time of origination of a Loan for the purpose of reducing the interest rate applicable
23 to the Loan.

24 **K. “District Attorneys”** means the District Attorneys of Alameda, Los Angeles,
25 Merced, Monterey, San Francisco and San Mateo Counties, California.

26 **L. “Effective Date”** means March 21, 2006.

27 **M. “Financial Regulator”** means the administrative agency or agencies within any
28 Settling State, which at any time between January 1, 1999 through and including December 31,

1 2005, exercised regulatory, licensing, examination, supervisory or other administrative
2 enforcement authority over the Amerquest Parties with respect to any of the Covered
3 Transactions.

4 N. **"Fixed Rate Mortgage"** means a Loan that is not an Adjustable Rate Mortgage.

5 O. **"Good Faith Estimate" and "GFE"** mean an estimate of charges, prepared in
6 accordance with section 5 of RESPA, which a Borrower is likely to incur in connection with the
7 Closing of a proposed Loan.

8 P. **"Independent Loan Closer"** means any person who is not an employee of the
9 branch office where the Loan is originated, a spouse, parent, sibling, or child of a branch office
10 employee, or a spouse of any such person, who has no financial interest in the Loan being closed
11 other than payment of standard settlement fees and charges, and who is present at the time of
12 Closing for the purpose of procuring the Borrower's execution of documents related to the
13 Closing process.

14 Q. **"Lending Practices"** means any representations, misrepresentations, omissions,
15 disclosures or any other acts, events, facts, transactions, occurrences, or conduct, whether oral,
16 written or otherwise, by an Amerquest Party, including its employees or agents, arising out of, in
17 connection with, or relating to any of the following:

18 1. Loan types and terms, including Discount Points, interest rates,
19 origination-related fees, monthly payment amounts, terms of Adjustable Rate and
20 Fixed Rate Mortgages and Prepayment Penalties;

21 2. Written disclosures, including the GFE and other documents
22 required to be provided to a Potential Borrower by any law or otherwise, provided
23 by an Amerquest Party;

24 3. The Borrower benefits of obtaining a Loan from an Amerquest
25 Party or from a repeat Refinancing with an Amerquest Party;

26 4. Coordination with Debt Collectors;

27 5. The timely completion of the Underwriting functions and funding
28 of a Loan;

1 6. Closing of a Loan;
2 7. Appraisals;
3 8. Stated Income Loans; and
4 9. Disclosures to non-English speaking Borrowers and Potential Borrowers,
5 including but not limited to the claims set forth in the Complaint filed in this matter, as well as
6 the matters referred to in Paragraph S of Section IV, below.

7 **R. “Loan”** means a Retail Based, real estate secured, owner-occupied, residential
8 mortgage loan originated and funded by an Amerquest Party.

9 **S. “Material Change in Terms”** means:

10 1. An increase in the interest rate of the Loan of thirty (30) basis
11 points or more or any increase in Discount Points, other than as the result of
12 trading Discount Points for interest rate at the affirmative request of the Borrower;

13 2. Any increase in the repayment term of the Loan;

14 3. A decrease in the Loan amount greater than one percent (1%);

15 4. The addition of a Prepayment Penalty; or

16 5. The change from a Fixed Rate Mortgage to an Adjustable Rate
17 Mortgage.

18 **T. “Non-Prime Loan”** means a Loan for which the APR is equal to or greater than
19 two and one-half percentage points (2.5%) for first-lien loans or five percentage points (5%) for
20 subordinate-lien loans above the Treasury yield for securities of a comparable period of maturity
21 as of the fifteenth day of the month in which the interest rate on the Loan is set. Following
22 receipt of the first Monitor's Report, due on March 31, 2007, and again upon receipt of the
23 second Monitor's Report, due on March 31, 2008, the Compliance Committee shall renegotiate
24 this provision in good faith with ACCCH and the Amerquest Parties, taking into account the
25 Amerquest Parties' record of compliance reflected in the Monitor's Reports and any other
26 relevant information.

27 **U. “Potential Borrower”** means an individual who is seeking or receiving
28 information about a Loan from an Amerquest Party Sales Person; provided, however, that

Potential Borrower does not include an individual who receives, but does not respond to, marketing materials or information, including advertisements.

V. **"Prepayment Penalty"** means a fee assessed, pursuant to the terms of the Loan documents, when a Borrower pays off a Loan within a designated period of time after Closing, but excluding any fee or charge that may be assessed to facilitate Loan pay-off, such as a pay-off fee, fax fee, reconveyance fee or other fee that is not prohibited under applicable law and would be payable for the pay-off of any Loan without regard to whether the Loan documents impose what generally is understood to be a Prepayment Penalty.

W. **"Refinance"** means to satisfy one Loan with the proceeds from a new Loan obtained by the same Borrower(s), using the same property as security. A Refinance does not include the matters identified in 12 C.F.R. § 226.20(a)(1)-(5).

X. **"RESPA"** means the federal Real Estate Settlement Procedures Act of 1974, 12 U.S.C. § 2601 et seq., and Regulation X, promulgated pursuant thereto, 24 C.F.R. Part 3500, including subsequent amendments.

Y. **"Retail Based"** means originated and funded by loans by employees or independent contractors acting in the name and on behalf of the lender directly to consumers. It does not include other methods of originating loans using third parties, such as mortgage brokers or loan correspondents.

Z. **"Sales Person" or "Sales Personnel"** means any employee or employees who work in the AMC Portfolio Retention Department, at a branch office of any Amerquest Party or who otherwise may reasonably be foreseen to have direct communications (whether in person, telephonically, or by electronic means) with Potential Borrowers for the purpose of originating a Loan and those who supervise those employees, including regional and area managers.

AA. **"Settlement Fund"** means the amounts required to be paid under this Judgment for consumer restitution and administration.

BB. **"Settling States"** means the States or Commonwealths, including the District of Columbia, that file fully executed Consent Judgments or Stipulated Judgments, or comparable documents, resolving with ACCCH and the Amerquest Parties the matters set forth herein.

1 **CC. "State Attorneys General"** means the chief legal officer of each state,
2 commonwealth and the District of Columbia, except for the states of Hawaii and Georgia. For
3 Hawaii, it means the Executive Director of the Hawaii Office of Consumer Protection, an agency
4 with statutory authority to represent the State of Hawaii in Consumer Protection Actions. For
5 Georgia, it means the Administrator of the Fair Business Practices Act, who is authorized by
6 statute to enter into Settlement Agreements on behalf of the State of Georgia.

7 **DD. "Stated Income Loan"** means a Loan where a Borrower is not required to
8 provide verification or documentation to support all income listed on the Borrower's application.

9 **EE. "TILA"** means the federal Truth-in-Lending Act, 15 U.S.C. §1601 et seq., and
10 Regulation Z, promulgated pursuant thereto, 12 C.F.R. Part 226, including subsequent
11 amendments.

12 **FF. "Underwriting"** means the process of approving or denying a Loan based on an
13 evaluation of the applicant's creditworthiness and ability to repay the Loan and an Appraisal of
14 the market value of the residential property proposed to secure the Loan.

15 **II. STIPULATED RECITALS**

16 **A.** Plaintiff, as well as state attorneys general and state financial regulators in other
17 states, has received and investigated consumer complaints, and conducted examinations with
18 respect to the Lending Practices of the Ameriquest Parties and acknowledges that ACCCH and
19 the Ameriquest Parties cooperated with Plaintiff and the other Settling States' investigations and
20 examinations of the Lending Practices.

21 **B.** ACCCH and the Ameriquest Parties deny each of Plaintiff's allegations. This
22 Permanent Injunction and Final Judgment shall not be interpreted as an admission of wrongdoing
23 by ACCCH or the Ameriquest Parties or as an admission, concession, or evidence of any alleged
24 fault, misrepresentation, act or omission or any other alleged violation of law, and it does not
25 represent a formal finding of wrongdoing by any court or administrative agency.

26 **C.** Plaintiff and Defendants waive their right to move for a new trial or otherwise
27 seek to set aside the Judgment through any collateral attack, and further waive their right to
28

1 appeal from the Judgment, except that Plaintiff and Defendants, and each of them, agree that this
2 Court shall retain jurisdiction for the purposes specified in paragraph VIII(H) of this Judgment.
3

4 **III. PAYMENT OF RESTITUTION, ATTORNEYS' FEES, INVESTIGATION COSTS**
5 **AND OTHER EXPENSES.**

6 **A. Payment Obligation of ACCCH.** ACCCH is a party to this Permanent
7 Injunction and Final Judgment for the sole purpose of paying restitution and other amounts as set
8 forth below in this Section III and in Sections V.C.3 and VI.E.

9 **B. Payment of Restitution.** ACCCH or AMQ shall pay the sum of Two Hundred
10 Ninety-Five Million Dollars (\$295,000,000) for the payment of restitution to Borrowers in the
11 Settling States nationally. The restitution awarded under the terms of this Judgment is not and
12 shall not be considered as forgiven debt. The Settlement Fund shall be divided into two
13 sub-funds:

14 1. The sum of One Hundred Seventy-Five Million Dollars (\$175,000,000) shall be
15 used to provide restitution to Borrowers who obtained Loans from an Ameriquest
16 Party during the period of January 1, 1999 to April 1, 2003 ("Sub-Fund A").
17 Sub-Fund A, together with accrued net after-tax income, if any, shall be
18 distributed on a nationwide basis by the Settlement Administrator to certain
19 Borrowers, including certain Borrowers in California, who received a Loan from
20 any of the Ameriquest Parties from January 1, 1999, through and including April
21 1, 2003, according to a formula to be established by the Settling States.

22 2. The sum of One Hundred Twenty Million Dollars (\$120,000,000) shall be used to
23 provide restitution to Borrowers who obtained Loans from an Ameriquest Party
24 between January 1, 1999 and December 31, 2005 ("Sub-Fund B"). The State of
25 California's share of Sub-Fund B shall be Twenty-Six Million, Six Hundred
26 Thirty-Six Thousand and Four Hundred Dollars (\$26,636,400.00), plus any net,
27 post-tax interest earned on that sum. The Settlement Administrator shall, at the
28 joint instruction of the California Attorney General and the Alameda County

1 District Attorney, transfer a portion, not to exceed Four Million Dollars
2 (\$4,000,000) of the State of California's share of Sub-Fund B designated by the
3 Attorney General and the Alameda County District Attorney to the California
4 Attorney General's Office for later distribution as directed by the Attorney General
5 and the Alameda County District Attorney. This designated share shall be in
6 addition to any amounts paid to the State under subparagraph (C), below. The
7 State shall have sole discretion to determine the manner in which it will distribute
8 its remaining share of Sub-Fund B to California consumers, including criteria for
9 choosing which Borrowers shall receive any restitution and the amount to
10 distribute to each.

11 **C. Payment to the Settling States.** Within three (3) business days after the Effective
12 Date, ACCCH or AMQ shall pay, by wire transfer or as otherwise directed by the Settling States,
13 the sum of Thirty Million Dollars (\$30,000,000) to the Settling States for their attorneys' fees,
14 investigation costs, and other expenses related to the investigation and resolution of this matter.
15 The State of California's share of these settlement costs is Four Million Dollars (\$4,000,000).
16 One Million Dollars (\$1,000,000) of California's share of the settlement costs is to be paid by
17 ACCCH and the Ameriquet Parties in settlement of Plaintiff's claims related to California
18 Business and Professions Code section 17206 concerning Covered Transactions prior to
19 December 31, 2002, which shall be divided evenly among the Office of the Attorney General, the
20 Department of Corporations, and the District Attorney's Offices of Alameda, Los Angeles,
21 Merced, Monterey, San Francisco and San Mateo Counties. ACCCH or AMQ shall distribute
22 the entire Four Million Dollars (\$4,000,000) being paid to the State of California pursuant to this
23 subparagraph as follows: One Million, Four Hundred Seventy-Five Thousand Dollars
24 (\$1,475,000) to the Office of the California Attorney General, of which the Attorney General
25 shall transfer \$425,000 to the District Attorney's Office of Monterey County and \$425,000 to the
26 District Attorney's Office of San Mateo County; Six Hundred and Twenty-Five Thousand
27 Dollars (\$625,000) each to the Department of Corporations and the District Attorney's Office of
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1 Alameda County; and Four Hundred Twenty-Five Thousand Dollars (\$425,000) each to the
2 District Attorney's Offices of Los Angeles, Merced, and San Francisco Counties.

3 **D. Payment Schedule.** All payments to the Settlement Fund shall be by wire
4 transfer to the Settlement Administrator and deposited by the Administrator into an interest
5 bearing account. In the event the Settlement Administrator is not in place at the time any
6 payment is due, ACCCH or AMQ shall make the payment into an escrow account established for
7 that purpose by the Compliance Committee with a trustee to be named by the Settling States,
8 who shall deposit the payment with the Settlement Administrator as soon as one is in place.
9 ACCCH or AMQ shall make the required payments according to the following schedule:

- 10 1. The sum of Forty-five Million Dollars (\$45,000,000) shall be paid no later than
11 three (3) business days after the Effective Date.
- 12 2. The sum of Sixty Million Dollars (\$60,000,000) shall be paid not later than ninety
13 (90) days after the date the first payment is due.
- 14 3. The sum of Sixty Million Dollars (\$60,000,000) shall be paid not later than one
15 hundred eighty (180) days after the date the first payment is due.
- 16 4. The sum of Sixty Million Dollars (\$60,000,000) shall be paid not later than two
17 hundred seventy (270) days after the date the first payment is due.
- 18 5. The sum of Seventy Million Dollars (\$70,000,000) shall be paid not later than
19 three hundred sixty five (365) days after the date the first payment is due.

20 **E. Funds to Be Held in Trust.** All monies in the Settlement Fund, including
21 interest income, shall be held in trust for the purposes stated in this Judgment. Neither ACCCH
22 nor the Amerquest Parties shall have any property right, interest, claim or title to the Settlement
23 Fund or any interest earned thereon once a deposit is made into the Settlement Fund.

24 **F. Qualified Settlement Fund.** The fund established by this Judgment for the
25 payment of restitution is intended to be a Qualified Settlement Fund within the meaning of
26 Treasury Regulation Section 1.468B-1 of the U.S. Internal Revenue Code of 1986, as amended.
27
28

IV. INJUNCTIVE RELIEF

The Ameriquist Parties are enjoined with respect to their origination and funding of Loans from engaging in unfair or deceptive acts or practices and are further enjoined as follows:

A. Scope. The injunctive requirements set forth below are intended as a floor or minimum requirements governing the conduct of the Ameriquist Parties. Nothing set forth herein alters the requirements of state or federal law to the extent those laws offer greater protection to consumers.

B. Disclosure of Loan Terms. The Ameriquist Parties shall not make false, misleading or deceptive representations regarding Loan terms and shall make the following disclosures to Potential Borrowers in a clear manner:

1. Oral Disclosures. Ameriquist Parties' Sales Personnel, whenever they have obtained Non-Prime Loan pricing information from their respective pricing model based on credit information provided by a Potential Borrower and that Potential Borrower has in a conversation with an Ameriquist Party Sales Person agreed to the submission of a specific Non-Prime Loan proposal for processing (but in no event later than when an appraisal or loan documents have been ordered, whichever occurs first), shall provide oral disclosures as follows:

a. Fixed Rate Mortgage - Specific Loan Terms. If the proposed Non-Prime Loan is a Fixed Rate Mortgage, the Ameriquist Parties' Sales Personnel shall provide an oral disclosure in substantially the following form:

"The loan we have been discussing is a [insert term of the loan] year fixed rate loan for \$ [insert loan amount]. The interest rate is [insert interest rate]%. The monthly payment is \$[insert monthly payment], which does [or does not] include escrows for property taxes or insurance. Your loan does [or does not] include a prepayment penalty."

b. Fixed Rate Mortgage - With Discount Points. If the proposed Non-Prime Loan includes a fixed rate mortgage and provides for the

1 payment of Discount Points, Ameriquest Parties' Sales Personnel shall
2 provide an oral disclosure in substantially the following form:

3 "This loan includes payment of [insert number] discount points, a
4 fee you pay at closing that reduces the interest rate on your loan and also
5 the amount of your monthly payment but increases the total amount of
6 your loan. You may be eligible for a loan with fewer discount points."

7 c. **Adjustable Rate Mortgage - Specific Loan Terms.** If the proposed
8 Non-Prime Loan includes an Adjustable Rate Mortgage, Ameriquest
9 Parties' Sales Personnel shall provide an oral disclosure in substantially the
10 following form:

11 "The loan we have been discussing is an adjustable rate loan for
12 \$[insert loan amount], with an initial interest rate of [insert initial interest
13 rate]%. Your initial monthly payment would be \$[insert initial monthly
14 payment], which does [or does not] include escrows for property taxes or
15 insurance. Your loan does [or does not] include a prepayment penalty.

16 "Because this is an adjustable rate loan, the initial interest rate and
17 monthly payment I quoted you are only guaranteed for the first [insert
18 length of initial fixed rate period] of the loan. After that, your interest rate
19 can increase by up to [insert rate adjustment cap] percent each year. But,
20 your interest rate can never be higher than [insert lifetime cap] percentage
21 points over your initial interest rate."

22 If the Sales Person has not previously discussed a specific Fixed Rate
23 Mortgage proposal with the Potential Borrower, the Sales Person shall also
24 provide an additional oral statement in substantially the following form:

25 "You may be eligible for a loan with an interest rate that does not
26 change."

27 d. **Adjustable Rate Mortgage - With Discount Points.** If the proposed
28 Non-Prime Loan includes an Adjustable Rate Mortgage and the payment

1 of Discount Points, Ameriquest Sales Personnel shall provide an oral
2 disclosure in substantially the following form:

3 "This loan includes a payment of [insert the number] discount
4 points, a \$[insert the amount of the discount points in dollars] fee you will
5 pay at closing to lower your initial interest rate and monthly payment.
6 You may be eligible to pay fewer discount points, but if you do that your
7 initial interest rate and monthly payment will be higher."

- 8 e. **Prepayment Penalty.** If the proposed Non-Prime Loan includes a
9 Prepayment Penalty, Ameriquest Sales Personnel shall make an oral
10 disclosure in substantially the following form:

11 "This loan contains a prepayment penalty. That means if you pay
12 off or refinance your loan within [insert the length of the period] you will
13 pay a fee of as much as \$[insert the amount of the fee in dollars]. You
14 may be eligible for a loan without a prepayment penalty, but you would
15 then pay a higher interest rate and a higher monthly payment."

- 16 f. **Concluding Statement.** The Ameriquest Parties' Sales Personnel shall
17 conclude the conversation with the Potential Borrower by making a
18 statement in substantially the following form:

19 "We will be sending you some written disclosures that explain
20 your options regarding a fixed versus adjustable rate loan, paying more or
21 less discount points and a loan with or without a prepayment penalty. If,
22 after reading the information we send you, you wish to make any changes
23 to this loan proposal, please give me a call."

- 24 g. **Interest Rate Disclosure.** The Ameriquest Parties shall disclose the
25 interest rate being offered, if known, whenever asked by a Potential
26 Borrower.

- 27 h. **Written or Electronic Disclosures.** The Ameriquest Parties' Sales
28 Personnel shall be instructed that in the event a Potential Borrower's

1 application is not submitted orally but in a written or electronic document
2 (or submitted through a website or other electronic format), the foregoing
3 oral disclosures, as and if applicable, shall be provided within three (3)
4 days of receipt of the application, in writing by mail or by transmission by
5 the same means used in submitting the application.

6 i. **Failure to Make Oral Disclosures.** If an Amerquest Party discovers that
7 a Sales Person has failed to make required oral disclosures to the Potential
8 Borrower, that Amerquest Party shall take prompt and appropriate
9 disciplinary action, up to and including dismissal of the responsible
10 personnel.

11 2. **Written Disclosures.** Within three (3) days after obtaining Loan pricing
12 information from their respective pricing model based on credit information
13 provided by a Potential Borrower and the Potential Borrower agreeing to the
14 submission of a specific Loan proposal for processing (but in no event later than
15 three (3) days after when an appraisal or loan documents have been ordered,
16 whichever occurs first) and without regard to any other disclosure requirements,
17 the Amerquest Parties shall provide the Potential Borrower a single page
18 disclosure, in writing or electronically, which discloses the terms of the specific
19 Loan proposal being offered to the Potential Borrower, in substantially the form as
20 attached hereto as Exhibit A (hereafter "Disclosure Form"). The initial Disclosure
21 Form may be included with other required disclosures being sent to Potential
22 Borrowers at the same time.

23 a. If any one or more Material Changes in Terms occurs, subsequently
24 making the initial Disclosure Form inaccurate, the Amerquest Parties
25 shall mail, not less than six (6) days before Closing, or deliver or cause to
26 be delivered by courier, facsimile transmission, e-mail or website access
27 so as to be received or accessed by the Potential Borrower at least three (3)
28 days prior to Closing for a Non-Prime Refinance Loan and as soon as

1 reasonably possible but in no event less than one (1) day prior to Closing
2 for any other Loan, a revised Disclosure Form that reflects the Loan terms
3 that will be presented to the Potential Borrower at Closing, including all
4 Material Changes in Terms.

5 b. Notwithstanding the provisions of Section IV.B.2.a. above, an Ameriquest
6 Party need not provide the Potential Borrower a revised Disclosure Form
7 when the only Material Change in Terms is an increase in Discount Points
8 of no more than forty-seven (47) basis points and that increase has been
9 requested by the Potential Borrower to buy down an increase in the interest
10 rate that would not by itself represent a Material Change in Terms.

11 c. If the revised Disclosure Form is mailed or delivered by courier or
12 facsimile transmission, it must be accompanied by a cover letter advising
13 the Potential Borrower that changes have been made to the terms of the
14 proposed Loan. If the revised Disclosure Form is delivered by e-mail
15 message, the subject line must contain the following: "IMPORTANT
16 CHANGES to your [THE APPLICABLE AMERIQUEST PARTY] loan
17 proposal." If the revised Disclosure Form is delivered by website access,
18 access to the website must be password protected.

19 d. Compliance with the time provisions of this subparagraph may be proven
20 by satisfactory proof of one of the following:

- 21 (1) Timely mailing;
22 (2) Timely dispatch by courier or facsimile transmission;
23 (3) Confirmation of timely receipt of the e-mail by the Potential
24 Borrower; or
25 (4) Confirmation of timely access to the web site by the Potential
26 Borrower.

27 e. The Ameriquest Parties shall instruct the Independent Loan Closer that the
28 final Disclosure Form must be the first document presented to the

Potential Borrower at Closing by the Independent Loan Closer, who shall review it with, and have it signed by, the Borrower. In the event an Ameriquest Party employee is conducting the Closing, when permitted under this Judgment, the final Disclosure Form shall be the first document presented to the Potential Borrower at Closing, who shall review it with, and have it signed by, the Borrower.

3. In communicating with Potential Borrowers, the Ameriquest Parties shall not represent that their respective interest rate or terms are "better," "lower" than, or "competitive" with those of other mortgage lenders, or use words of similar import, unless such representations are in fact true.
4. The Ameriquest Parties shall not misrepresent the adjustable rate feature of any Adjustable Rate Mortgage. For example, the Ameriquest Parties may not:
 - a. State or imply that the interest rate on the Loan will not, or is unlikely to, adjust in the future;
 - b. State or imply that the interest rate on the Loan can go down (from its initial rate) as well as up, unless that is in fact true;
 - c. State or imply that the initial "fixed" interest rate in an Adjustable Rate Mortgage is the interest rate for the entire term of the Loan;
 - d. State or imply that the interest rate will go up only if the market rates increase, unless that is, in fact, true.
5. When comparing different Loans, the Ameriquest Parties shall not state or imply that monthly Loan payments, which include amounts escrowed for payment of property taxes and homeowner's insurance, are comparable with monthly Loan payments that do not include these amounts. The Ameriquest Parties shall inform a Potential Borrower whether the monthly payment discussed with or proposed to the Potential Borrower does or does not include any amount escrowed for taxes or insurance, as the case may be.

1 6. No Ameriquest Party shall represent to a Potential Borrower that it will be able to
2 Refinance the Potential Borrower's proposed Loan at a later date on more
3 favorable terms unless the Loan proposal being made to the Potential Borrower
4 provides that the Ameriquest Party is contractually bound to Refinance the
5 Potential Borrower's proposed Loan at the later date on more favorable terms.

6 7. The Ameriquest Parties shall not misrepresent to any Borrower or Potential
7 Borrower the credit rating or credit status of that Borrower or Potential Borrower.

8 C. **Same Rate Available.** The Ameriquest Parties shall make Loans in accordance
9 with a pricing model that is designed to produce (before the use of any price exception) the same
10 interest rate and number of Discount Points for all Potential Borrowers with the same credit risk
11 characteristics, who are applying for the same Loan, and who are the same with respect to any
12 other characteristic(s) or fact(s) that affect the pricing information generated by the pricing
13 model. Nothing herein shall prohibit an Ameriquest Party from making individual "price
14 exceptions" wherein the Ameriquest Party offers a Potential Borrower a rate that is lower than
15 the rate for which the Potential Borrower otherwise qualifies ("Price Exception"). Provided,
16 however, if in any ninety (90) day period the number of Borrowers receiving a Price Exception
17 from an Ameriquest Party exceeds thirty percent (30%) of the Loans originated within the period,
18 there shall be a rebuttable presumption that the Ameriquest Party has violated the provisions of
19 this Section IV.C.

20 Price Exception does not include the following: (1) a price reduction given to prevent the
21 Loan from becoming a high-cost or covered loan under the Home Ownership and Equity
22 Protection Act (HOEPA), or any similar state law, or from violating any state law limitation on
23 fees, rates, or other costs; (2) a price override given at or near the time of funding to honor a
24 previous price commitment; or (3) a firm offer of credit to a pre-screened Potential Borrower that
25 is required by the Fair Credit Reporting Act and based upon the pricing model price at the time of
26 the offer but that is not accepted by the Potential Borrower until after the pricing model price has
27 increased.

1 **D. Good Faith Estimates (GFE).** The Amerquest Parties shall provide each Loan
2 applicant with a GFE, as required by RESPA. The Amerquest Parties shall not disparage,
3 discredit, or otherwise encourage Potential Borrowers to disregard the GFE. For example, the
4 Amerquest Parties shall not represent to a Potential Borrower that the GFE is incorrect, reflects
5 the worst case scenario, is not the true Loan proposal, or reflects terms that are higher or lower
6 than the actual terms the Potential Borrower will receive.

7 **E. Borrower Benefit Assessment.** The Amerquest Parties shall not enter into any
8 Non-Prime Refinance Loan that does not provide a benefit to the Borrower. The Amerquest
9 Parties must document that each Non-Prime Refinance Loan provides a benefit and maintain
10 such documentation in a readily retrievable format.

11 **F. Foreign Language Provisions.** The Amerquest Parties shall continue their
12 current policy of: (a) maintaining a program of testing and certifying appropriate Sales Personnel
13 for fluency in the Spanish language, and (b) translating into Spanish (i) all documents legally
14 required to be translated, (ii) the Disclosure Form and (iii) any other disclosure documents
15 voluntarily provided to Potential Borrowers under an Amerquest Party's Best Practices. If an
16 Amerquest Party advertises in any language other than English or Spanish, it must adopt and
17 implement a similar policy with respect to consumers who speak the other language.

18 **G. Prepayment Penalties.**

19 1. The Amerquest Parties shall reimburse a consumer for any Prepayment Penalty
20 paid by that consumer if the existence of the penalty was not timely and fully
21 disclosed. The Amerquest Parties shall be deemed to have complied with this
22 requirement of full and timely disclosure by the mailing or delivery of the
23 Disclosure Form as provided in Paragraph IV.B.2 above.

24 2. For any Non-Prime Adjustable Rate Mortgage Loan originated one (1) year or
25 later after the Effective Date that has a Prepayment Penalty, the term of the
26 Prepayment Penalty may not exceed six months beyond the fixed rate term of the
27 Loan. For a period of five (5) years after the Effective Date, the Amerquest
28

1 Parties shall, with respect to such Loans, limit the interest rate adjustment during
2 the Prepayment Penalty term to not more than two (2) percentage points.

3 3. The Amerquest Parties shall not make false, misleading or deceptive
4 representations regarding a Prepayment Penalty provision. For example:

5 a. Whenever an Amerquest Party orally represents that a Potential Borrower
6 can Refinance at a later date, that Amerquest Party must also
7 simultaneously advise the Potential Borrower of any obligation to pay a
8 Prepayment Penalty.

9 b. The Amerquest Parties shall not promise or represent to a Potential
10 Borrower that the Amerquest Parties will waive a Prepayment Penalty at
11 some future date, unless that promise is contemporaneously communicated
12 in writing and is included as a term in the Loan made to the Potential
13 Borrower.

14 c. The Amerquest Parties shall not refer to a Prepayment Penalty as a
15 "Prepayment Privilege," a "Prepayment Benefit," a "Prepayment
16 Opportunity," or use any similar term that tends to mislead a Potential
17 Borrower regarding the obligation to pay a penalty.

18 d. The Amerquest Parties shall not state, infer or imply that the
19 circumstances that would trigger a Prepayment Penalty may not or will not
20 occur; provided, however, that the Amerquest Parties may inform a
21 Potential Borrower of the facts regarding when a Prepayment Penalty
22 included in a Loan proposal does and does not have to be paid according
23 to its terms.

24 4. The Amerquest Parties shall continue their current practice of not providing their
25 employees with any monetary incentive or other compensation for including a
26 Prepayment Penalty provision in a Loan.
27
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1 **H. Repeat Refinancings.**

- 2 1. No Amerquest Party may solicit Borrowers with existing Non-Prime Loans for
3 Refinancing within twenty-four (24) months of the Loan Closing date unless it:
4 a. Receives a request for a pay-off statement from the Borrower or by
5 someone authorized by the Borrower;
6 b. Is contacted by a Borrower who expressly inquires about Refinancing; or
7 c. Otherwise has a good faith belief, supported by objective evidence, that
8 the Borrower is considering Refinancing.
9 2. Any proposed Refinancing of a Borrower's Non-Prime Refinance Loan must
10 provide a benefit pursuant to Section IV.E above.
11 3. No Amerquest Party employee may offer, give or receive compensation to or
12 from a fellow employee, including employees of the Portfolio Retention Centers,
13 in connection with Refinancing a Borrower within twenty-four (24) months of the
14 Closing date of an existing Loan; provided, however, this restriction shall not
15 apply to payments made under an Amerquest Party's then existing compensation
16 policy.

17 **I. Independent Loan Closers.**

- 18 1. The Amerquest Parties shall use an Independent Loan Closer for all of their
19 Non-Prime Loan Closings.
20 2. Written Instructions and Whistleblower Agreement. The Amerquest Parties shall
21 provide each Independent Loan Closer with written instructions and procedures,
22 which the Independent Loan Closer shall be required to follow at Closings. The
23 Amerquest Parties shall require the Independent Loan Closer to provide a written
24 report both to designated Amerquest Party senior management, and to the
25 Monitor during the compliance monitoring period, if the Independent Loan Closer
26 discovers unfair, deceptive, misleading or unlawful behavior by any Amerquest
27 Party employee in connection with any Loan. If an Amerquest Party learns that
28 an Independent Loan Closer failed to report such misconduct, the Amerquest

1 Party shall take disciplinary action against the Independent Loan Closer, including
2 temporary or permanent removal from the list of approved Independent Loan
3 Closers. The Amerquest Parties may not retaliate against an Independent Loan
4 Closer for reporting misconduct.

5 3. Independent Loan Closers shall be instructed by the Amerquest Parties to explain
6 fully the Closing process and Loan documents to Potential Borrowers and to
7 answer all questions from Potential Borrowers to the best of the Independent Loan
8 Closer's ability, unless the Independent Loan Closer is prohibited by law or
9 professional standards from doing so. Further, Independent Loan Closers shall be
10 instructed not to pressure or rush Potential Borrowers at Closing or encourage
11 them to close by suggesting Potential Borrowers may use the rescission period
12 either to read Loan documents or to address questions or objections raised at
13 Closing.

14 4. Employees of Amerquest Parties may attend Non-Prime Loan Closings only if
15 requested by a Potential Borrower. Amerquest Party employees attending a
16 Closing may not pressure or rush Potential Borrowers, encourage them to close by
17 suggesting they may use the rescission period either to read Loan documents or to
18 address questions or objections raised at Closing, or in any way obstruct the
19 ability of the Independent Loan Closer to perform his or her duties. The
20 Independent Loan Closer shall be required to report any violation of this
21 Paragraph IV.I.4 by any Sales Personnel to designated persons in the appropriate
22 regional or headquarters office of the applicable Amerquest Party. Persons
23 designated may not be Sales Personnel.

24 5. Notwithstanding the foregoing, Amerquest employees may conduct and attend
25 Closings of Loans that are not Non-Prime Loans.

26 **J. Closings.**

27 1. Before Closing a Loan, the Amerquest Parties shall ensure that (a) the Potential
28 Borrower has satisfied all credit Underwriting requirements; (b) an Appraisal or

1 AVM has been submitted and evaluated (if required); and, (c) standard
2 title-related information has been received and reviewed.

3 2. The Amerquest Parties may Close a Loan subject to satisfaction of standard
4 industry contingencies such as execution and receipt of state-specific documents
5 (e.g., New York and New Jersey same-name affidavits, Texas election not to
6 rescind forms, receipt of pay stubs for proof of employment, credit report
7 explanation letters, use of proceeds letters and hazard insurance loss payee
8 endorsements).

9 3. If an Amerquest Party schedules a Closing before satisfying the requirements set
10 forth above in Paragraph IV.J.1, it may not represent, suggest or imply to a
11 Potential Borrower that a Loan has been or will be approved, unless and until
12 these Closing requirements are met. If an Amerquest Party communicates with a
13 Potential Borrower to schedule a Closing before the Closing requirements have
14 been met, it must clearly inform the Potential Borrower that the Loan has not yet
15 been approved, and that Closing is contingent upon resolution of all outstanding
16 issues.

17 **K. Loan Funding.** The Amerquest Parties must fully and unconditionally disburse
18 the proceeds of all Refinance Loans to the Borrower, settlement agent, or other creditors as
19 reflected in the settlement statement on the first business day after the expiration of any
20 rescission period provided for by law or internal Best Practices; provided, however, that the
21 Amerquest Parties will not be deemed to have violated this requirement where: (1) Closing
22 contingencies as set forth in Paragraph IV.J.2 have not been satisfied; (2) an Amerquest Party is
23 prevented from fully disbursing the proceeds because the wire transfer is delayed (by no more
24 than one (1) day) due to the volume of other scheduled Closings; or (3) by other causes beyond
25 an Amerquest Party's reasonable control and occurring without its fault or negligence, including,
26 Acts of God, floods, fires, government restrictions, wars, strikes and insurrections.

27 If an Amerquest Party fails, for reasons other than those described above, to timely
28 disburse the Refinance Loan proceeds, it shall reimburse any resulting interest, late fees, or other

1 charges incurred by the Borrower, and fully cooperate in assisting the Borrower in removing any
2 adverse credit report information arising from the non-timely payment. Notwithstanding the
3 foregoing, no Ameriquest Party shall be required to disburse the proceeds of any Loan until it is
4 reasonably satisfied the Borrower has not rescinded the Loan transaction.

5 **L. Appraisals.**

6 **1. Conducting Appraisals.** The Ameriquest Parties shall take reasonable steps to
7 ensure all Appraisals are accurate, that appraisers do not inflate property values
8 and that no employee of an Ameriquest Party attempts to influence the
9 development, reporting, result or review of any Appraisal or otherwise interferes
10 with an appraiser's professional duty to perform the Appraisal impartially,
11 objectively and independently.

12 **2. Removal of Branch from Appraiser Selection.** The Ameriquest Parties shall
13 implement a system to ensure that Appraisals are ordered as part of an automated,
14 centralized process apart from the branch sales offices. Sales Personnel may not
15 select appraisers.

16 The Ameriquest Parties shall inform all appraisers currently on their
17 approved or accepted lists that they are no longer dependent upon the branch
18 offices for Appraisal assignments, that only the Appraisal Department can remove
19 them from a panel, and that they are to ignore, and report immediately to the
20 Appraisal Department, any effort by any Sales Person, including any Mortgage
21 Specialist, Branch Manager, Area Sales Manager, or Regional Sales Manager to
22 influence appraised value in any way.

23 Similarly, the Ameriquest Parties shall instruct Sales Personnel they are
24 not to engage in any communications with any appraiser regarding the substantive
25 content of the Appraisal report or the final appraised value, or to attempt to
26 influence the results of the Appraisal in any way and, if they are found to have
27 done so, they will be subject to immediate disciplinary action, up to and including
28 dismissal.

- 1 **3. Automated Selection of Ranked Appraisers Required.** A panel of qualified,
2 approved appraisers shall be created for each State. When a new Loan file is
3 opened, the automated system will assign the Appraisal to an appraiser on the
4 appropriate panel using an algorithmic system designed to limit choice or
5 selection from the discretion of Ameriquest Party employees. This algorithmic
6 system shall be created and maintained by the Appraisal Department and may
7 involve ranking appraisers on the basis of legitimate and relevant factors,
8 including:
- 9 a. The appraiser's familiarity with the geographic locale of the subject
10 property and the type of property to be appraised;
 - 11 b. The number of Appraisals the appraiser is capable of performing within a
12 given time period;
 - 13 c. The appraiser's record with respect to responsiveness and timeliness;
 - 14 d. The status of the appraiser's license; and
 - 15 e. Whether, at the time of the Appraisal request, the appraiser has prior
16 Appraisals undergoing pre- or post-funding review or investor due
17 diligence review.

18 In limited cases (but in no event for purposes of a second or subsequent
19 Appraisal), the Appraisal Department may assign Appraisals to appraisers not
20 selected using the algorithmic system, if the consideration of previously
21 unconsidered legitimate and relevant factors dictates. In that event, the Appraisal
22 Department shall document the reasons for its departure from the normal selection
23 process and maintain the documentation in a readily retrievable format. In no
24 event, however, shall the willingness or unwillingness of an appraiser to produce a
25 desired value become a factor in the selection of an appraiser.

26 **4. Appraiser Panels.**

- 27 a. **Service Areas.** If an appraiser declines an assignment because the
28 appraiser, in his or her professional judgment, believes the property is

1 outside of the appraiser's professional service area, the Appraisal
2 Department shall assign the Appraisal to another appraiser and may not
3 pressure the declining appraiser to accept the assignment. The Ameriquest
4 Parties shall not punish appraisers, including by reducing future
5 assignments, for declining assignments the appraiser believes are outside
6 the appraiser's professional service area.

7 **b. Inclusion on a Panel.** As a prerequisite to inclusion on a panel, an
8 appraiser must be in good standing with his or her licensing authority.
9 Only persons who are not Sales Personnel may oversee the selection of
10 appraisers on the panel.

11 (1) Before being assigned to a panel, all appraisers who currently or in
12 the past have performed Appraisals on behalf of an Ameriquest
13 Party, including staff appraisers, must have their work product
14 audited for quality and compliance by the Appraisal Department or
15 by a licensed third party appraiser retained for auditing purposes.
16 The Ameriquest Parties agree to review or have reviewed, for each
17 of these appraisers, the greater of ten (10) Appraisals or fifteen
18 percent (15%) of the total number of Appraisals performed by the
19 appraiser for Refinance Loans submitted for approval during the
20 six months prior to the review. If the total number of Appraisals
21 performed by an appraiser during that period is less than ten (10),
22 then all Appraisals performed by that appraiser during that period
23 shall be reviewed. Whenever possible, Appraisals shall be selected
24 for review from the pool of Appraisals performed by the appraiser
25 on Refinance Loans submitted for approval and previously subject
26 to investor due diligence or pre- or post-funding reviews during the
27 period. To the extent the number of previously reviewed
28 Appraisals is insufficient for this purpose, additional Appraisals

1 shall be selected at random from the remaining previously
2 unreviewed Appraisals in the pool. If the result of this review
3 indicates further evaluation is necessary, the Appraisal Department
4 (or Third Party Reviewer) shall conduct an additional audit of a
5 random sample of fifteen percent (15%) of Appraisals drawn from
6 those performed by the appraiser for Refinance Loans submitted
7 for approval during the year prior to this review. Any Amerquest
8 Party may use an appraiser who has been placed on a panel by
9 another Amerquest Party. No Amerquest Party may use an
10 appraiser who fails an audit review by any Amerquest Party.

- 11 (2) Appraisers who have been previously disciplined by their licensing
12 authority are not eligible for inclusion on a panel. The foregoing
13 provision shall not apply where the discipline is for reasons not
14 involving dishonesty or appraisal quality. In the unlikely event that
15 a sufficient number of non-disciplined appraisers are not available
16 to serve a particular defined service area, an Amerquest Party may
17 use an appraiser who has been disciplined previously by his or her
18 licensing authority but only if the discipline did not involve
19 allegations of fraud or misrepresentation, the license was not
20 suspended and the last disciplinary action was at least one year
21 prior to the proposed retention date.

- 22 5. **Appraiser Independence.** The Amerquest Parties shall comply with the
23 independence standards set forth in the October 28, 2003, Independent Appraisal
24 and Evaluation Functions statement by the Office of the Comptroller of the
25 Currency, Federal Reserve Board of Governors, Federal Deposit Insurance
26 Corporation, Office of Thrift Supervision and National Credit Union Association,
27 as amended from time to time.
28

1 **6. Communication of Expected Value to Appraiser Prohibited.**

2 **a.** There shall be no direct communication between Branch Managers or
3 Mortgage Specialists and appraisers except for communications initiated
4 by the appraiser in response to which the Manager or Specialist shall
5 immediately refer the appraiser to the appropriate persons in the Appraisal
6 Department.

7 **b.** In the case of Refinance Loans, no Ameriquest Party employee may
8 identify on the Appraisal order form or communicate by any other means
9 to any individual appraiser or firm either the Loan amount or any other
10 express or implied statement of the anticipated or desired Appraisal value.
11 However, the Borrower's estimated value of the property may be identified
12 on the Appraisal order form but only if accompanied by a statement it is
13 being provided solely to assist the appraiser in determining the relative
14 complexity of the Appraisal and that it is not a target or expected value.

15 **7. Appraisal Review.** At the same time the completed Appraisal report is delivered
16 (by whatever means) to the Appraisal Department, the report may be forwarded or
17 otherwise made available to the applicable Branch Manager.

18 **a.** If, for the initial Appraisal only, the Branch Manager has a good faith
19 belief that the Appraisal contains an error or is otherwise professionally
20 deficient, the Branch Manager may submit a written or electronically
21 transmitted request to the Appraisal Department explaining the objection
22 and requesting the appraiser address the specific issue raised. If the
23 Appraisal Department agrees that a good faith basis for the review exists,
24 either on the basis of a request from the Branch Manager or on the basis of
25 a pre-funding review, the Appraisal Department may request in writing or
26 by electronic transmittal the appraiser do one or more of the following:

27 **(1)** Consider additional appropriate information about the property,
28 including additional comparables;

1 (2) Provide further detail, substantiation, or explanation for the
2 appraiser's valuation; or

3 (3) Correct errors in the Appraisal. The Appraisal Department may
4 not request that an appraiser review an Appraisal solely on the
5 grounds that the valuation is not high enough to qualify the
6 Potential Borrower for the proposed Loan and shall not suggest a
7 specific value.

8 b. The Amerquest Parties shall document and retain in a readily retrievable
9 format any change in the Appraisal and the reason for the change.

10 8. **Second Appraisals.** If, after the review process set forth in Paragraph IV.L.7
11 above has been completed, the Amerquest Party continues to believe the
12 Appraisal is professionally deficient, that Amerquest Party may order a second
13 Appraisal from the next appraiser on the panel. The Amerquest Parties may not
14 order a second Appraisal prior to the completion of this review process; provided,
15 however, that nothing contained herein shall prevent an Amerquest Party from
16 ordering two simultaneous Appraisals where a particular Loan program requires
17 two different Appraisals. The Amerquest Parties may also order a second
18 Appraisal in the following cases: (a) where the appraised value of the property is
19 within ten percent (10%) of the value necessary to make the proposed Loan, (b)
20 where the Amerquest Party reasonably believes the property has been damaged or
21 has otherwise declined in value since the first Appraisal, or (c) where the
22 Appraisal has expired before the Loan has been closed. The Amerquest Parties
23 shall pay the cost of any second Appraisal ordered because the appraised value
24 was within ten percent (10%) of the value necessary to make the proposed Loan.
25 In no event shall the Amerquest Parties order more than two Appraisals.

26 9. **Appraisal Audits.** Each Amerquest Party shall maintain a record of its
27 Appraisal review and second Appraisal requests, retrievable by branch office,
28 mortgage specialist and by appraiser. This record shall contain the value

determined by each Appraisal and the amount of any change in value resulting from the review or second Appraisal. The Ameriquist Parties shall audit an appraiser's work whenever the Appraisal Department requests review of more than a certain percentage of Appraisals performed by the appraiser for Refinance Loans submitted for approval during a twelve (12) month period. For those appraisers with less than ten (10) Appraisals performed during a twelve (12) month period, the Ameriquist Parties shall review the appraiser's work only if the Appraisal Department made two or more review requests during the period.

An Ameriquist Party shall conduct a comprehensive review of its Appraisal review process whenever the number of review requests or the number of second Appraisals by the Ameriquist Party submitted during a twelve (12) month period exceeds a certain percentage of the total of all first Appraisals during the same period. The exact percentages to be used to determine whether an Appraisal audit is required will be established by agreement between the Ameriquist Parties and the Compliance Committee no later than twelve (12) months after the Effective Date.

10. **Discipline/Mandatory Reporting.** If an Ameriquist Party has a reasonable basis to believe an appraiser is violating applicable laws, or is otherwise engaging in unethical or unprofessional conduct, that Ameriquist Party shall refer the matter to the applicable state appraiser regulatory agency, if any. Similarly, if an Ameriquist Party learns that one of its employees or agents involved in the Loan production process has attempted to influence the Appraisal valuation process in any manner, it shall immediately discipline the offending person, up to and including dismissal.

11. **Appraisal Monitoring.** The Appraisal Department shall review twenty percent (20%) of all Appraisals for Refinance Loans submitted for approval (which review may be pre- or post-funding) as part of its existing internal quality control procedures. Review appraisers must be independent of Loan sales and shall be

1 assigned to review Appraisals from no more than ten (10) specific states within
2 the same geographic region.

3 **12. Copies of Appraisals to Borrowers.** A complete copy of the Appraisal (or the
4 AVM report if that was used for determining the value of the property) must be
5 provided to the Borrower. If more than one Appraisal (or AVM report) is
6 completed, copies of all Appraisals (or AVM reports) must be provided to the
7 Borrower.

8 **13. Appraiser Compensation.** Appraisers must be timely paid for every completed
9 Appraisal regardless of whether the Loan actually closes. The Amerquest Parties
10 shall not pay additional or bonus compensation to an appraiser for meeting the
11 desired Appraisal value and no Amerquest Party employee may accept
12 compensation of any kind from an appraiser or Appraisal firm for an Appraisal
13 assignment.

14 **M. Stated Income Loans.**

15 **1.** The Amerquest Parties shall not:

16 **a.** Inflate or fabricate, or encourage a Potential Borrower to inflate or
17 fabricate the source or amount of a Potential Borrower's actual income or
18 assets; or

19 **b.** Sign any document on behalf of a Borrower.

20 **2.** The Amerquest Parties shall instruct the Independent Loan Closer to review with
21 the Potential Borrower, and require the Potential Borrower to sign, at and as a
22 condition of Closing, a statement certifying the Potential Borrower understands
23 that:

24 **a.** The Loan has been approved based on the amount of income reported by
25 the Potential Borrower;

26 **b.** The amount of income reported by the Potential Borrower is accurate;

27 **c.** If the Potential Borrower's income is in fact less than the amount set forth
28 in the Loan application, the Potential Borrower understands there is a

significant risk that the Potential Borrower will not be able to afford the Loan and may lose their home through foreclosure or be forced into bankruptcy; and

d. Any false statements may subject the Potential Borrower to criminal penalties.

3. The Ameriquist Parties shall maintain a record of those applications that are originally submitted as full document or limited document (also called Fast Trac) Loans that are subsequently approved as Stated Income Loans.

4. The Underwriting guidelines employed by the Ameriquist Parties shall require the amount of stated income be reasonable for the occupation and experience claimed.

5. If a Stated Income Loan is based upon self-employment or a home-based business, the Ameriquist Parties shall request evidence of the existence of the business.

N. **Employee Compensation Programs.** The compensation system employed by an Ameriquist Party may not provide incentives that encourage its employees: (1) to include a Prepayment Penalty provision in a Loan, (2) to quote a Potential Borrower an interest rate inconsistent with the Same Rate Available provision of this Judgment, or (3) to otherwise increase compensation based on Loan fees or Closing costs.

O. **Quotas.** The Ameriquist Parties may not require its employees to complete an unreasonable minimum number of Loan applications or Loan Closings per month or other time period where the result is that employees violate any provision of this Judgment or the law. No branch, regional or area sales manager may establish a quota system separate from that established by an Ameriquist Party; provided, however, nothing in this Judgment shall prohibit regional, area or branch managers from conducting reasonable sales or incentive contests.

P. **Whistleblower Policies and Procedures.** The Ameriquist Parties shall adopt written policies and procedures to facilitate reporting of suspected improper conduct by Ameriquist Party employees. Each Ameriquist Party shall provide a copy of these policies and procedures, including the name, address and telephone number of a manager designated by that Ameriquist Party to receive reports of suspected improper conduct, to all current employees and

1 all newly hired employees at the time of their employment. These policies and procedures shall
2 include provisions to:

- 3 1. Encourage the reporting of suspected improper conduct;
- 4 2. Take reasonable steps to preserve the anonymity of the whistleblower to
5 the maximum extent practical;
- 6 3. Investigate the allegations of suspected improper conduct and report the
7 results of that investigation to senior management; and
- 8 4. Protect the whistleblower from retaliation.

9 **Q. Employee Training.**

- 10 1. Ameritrust Party branch employees shall complete a training course appropriate
11 to the duties and responsibilities of each employee, which shall include:
 - 12 a. A discussion of the Ameritrust Party's obligations under this Judgment
13 and a written summary of the Judgment provided to each trainee;
 - 14 b. A discussion of the purpose and general prohibitions of state unfair or
15 deceptive acts or practices statutes as they relate to secured real estate
16 mortgage lending.
- 17 2. Newly hired Sales Personnel shall complete a training course which shall include,
18 in addition to the elements described above, basic training in mortgage lending
19 and in ethical sales practices.
- 20 3. The General Counsel of ACCCH shall discuss with each of ACCCH's and the
21 Ameritrust Parties' officers and directors their respective general duties and
22 responsibilities as they relate to the real estate secured mortgage lending activities
23 of ACCCH or the Ameritrust Party with which they are associated and provide
24 each of them with a written summary of this Judgment.
- 25 4. Each employee required to complete the training courses referred to in Paragraphs
26 IV.Q.1-2 above, and each officer and director of ACCCH and each Ameritrust
27 Party shall execute a form, which shall be maintained in a readily retrievable
28 format by ACCCH or the applicable Ameritrust Party, acknowledging:

- a. Completion of the training or discussion with the ACCCH Counsel, as the case may be;
- b. They have received, read and understand the Amerquest Party's obligations under this Judgment as set forth in the above-referenced written summary;
- c. They understand that violations of applicable state and federal laws may subject them to individual liability and judicial or administrative sanction; and
- d. They understand that violations of applicable state and federal laws may subject the Amerquest Party to liability and judicial or administrative sanction.

R. No Coordination with Debt Collectors. Neither the Amerquest Parties nor its employees may compensate Debt Collectors for providing referrals nor may the Amerquest Parties or its employees work in concert with Debt Collectors to pressure a Potential Borrower to obtain a Loan from an Amerquest Party. Nothing in this Section IV.R shall prohibit the Amerquest Parties from purchasing bulk mailing lists from Debt Collectors or receiving uncompensated referrals from Debt Collectors, whether or not solicited.

S. Other Provisions.

1. The Amerquest Parties shall, for loans being made under the license issued to any of them pursuant to the California Finance Lenders Law ("CFL," as codified at sections 22100 et seq. of the California Financial Code), refund appraisal fees to Potential Borrowers in instances where (i) the loan was denied and there was no failure on the part of the Potential Borrower to disclose outstanding liens and/or to provide other essential information, and/or (ii) Potential Borrowers canceled their loan during the cancellation period provided for under TILA.
2. The Amerquest Parties shall not, for loans being made pursuant to licenses issued under the CFL, charge Borrowers fees for returned and/or dishonored checks,

1 negotiable orders of withdrawal and/or share drafts in excess of the amount
2 provided for in section 22320 of the California Financial Code.

- 3 3. The Amerquest Parties shall maintain records as required by section 22156 of the
4 California Financial Code and the California Code of Regulations, title 10,
5 sections 1425 and 1435.

6 **V. ADMINISTRATION**

7 **A. State Settlement Administration and Compliance Committee.** Within fifteen
8 (15) days of the Effective Date, the Settling States shall designate a State Administration and
9 Compliance Committee (the "Compliance Committee"). The Compliance Committee shall serve
10 as the Settling States' representative in the administration of this Judgment and the monitoring of
11 compliance with it by ACCCH and the Amerquest Parties.

12 **B. Claims Process.** Subject to the provisions of this Judgment pertaining to
13 Sub-Fund A, each Settling State shall determine the procedures to provide notice and distribute
14 restitution to its eligible Borrowers.

15 **C. Procedures for Administration.**

- 16 1. Within ninety (90) days of the Effective Date, the Amerquest Parties, in
17 consultation with the Compliance Committee, shall choose and retain an
18 Administrator ("the Administrator") to administer the distribution of restitution
19 payments under this Judgment. The Administrator shall be deemed appointed and
20 the contract approved unless within fifteen (15) days of receipt of the proposed
21 contract identifying the proposed Administrator, more than one-third (1/3) of the
22 number of the Settling States object to the appointment.

- 23 2. Subject to the limitations of Section IV above, each Settling State shall determine
24 the criteria, procedures and manner of allocation and distribution of restitution to
25 the eligible Borrowers in that State and may direct the Administrator with respect
26 to these matters.

- 27 3. ACCCH or the Amerquest Parties shall pay to the Settlement Fund an amount
28 sufficient to pay the Administrator's reasonable fees and expenses, including

1 attorneys' fees and costs of litigation, if any, related to maintaining the
2 confidentiality of customer and proprietary information; provided, however, that
3 in no event shall the total of fees, expenses and costs of administration exceed
4 Seven Million Five Hundred Thousand Dollars (\$7,500,000). From time to time,
5 as the Settlement Fund incurs administrative costs, it shall render an invoice of the
6 reasonable costs incurred to ACCCH or the Amerquest Parties and ACCCH or
7 the Amerquest Parties shall, within thirty (30) days of receipt, transfer that
8 amount to the Settlement Fund for payment to the Administrator. Any
9 unexpended portion of this amount at the termination of the administration of this
10 Judgment shall revert to ACCCH or the Amerquest Parties.

- 11 4. The Amerquest Parties shall provide to the Administrator all information
12 reasonably necessary for the administration of this Judgment within a reasonable
13 time not to exceed thirty (30) days after receipt of the request for information.
14 The Amerquest Parties shall be ordered to provide this information under 15
15 U.S.C. § 6802(e) (1)(A), (5) and (8) of the Gramm-Leach-Bliley Act. Information
16 pertaining to individual eligible Borrowers, including names and other identifying
17 information may be provided to the State but only if:

- 18 a. The information is used solely for the purpose of contacting eligible
19 Borrowers concerning the award of restitution under this Judgment;
20 b. The information consists solely of identifying information about eligible
21 Borrowers who have failed to respond to two or more written notices
22 about the restitution offer; and
23 c. Any personal identifying information related to a Borrower provided to the
24 State shall be considered non-public, confidential data not subject to
25 disclosure under California Public Records Act, Cal. Gov. Code §§ 6250
26 *et seq.*

27 **D. Warranties.** The Amerquest Parties shall warrant to the State at the time of
28 supplying information to the Administrator that the information is complete and accurate. If the

1 Amerquest Parties supply information that is incomplete or inaccurate and that results in an
2 eligible Borrower receiving no restitution or less restitution than that Borrower otherwise would
3 have been entitled to receive under California's restitution plan if complete and accurate
4 information had been provided, the Amerquest Parties shall pay the difference between the
5 restitution received by the Borrower, if any, and the amount that should have been paid had
6 complete and accurate information been provided. The Amerquest Parties and Plaintiff mutually
7 warrant to the other that the individuals executing the Stipulation for entry of this Judgment are
8 duly authorized to do so and that, as a result of their execution, this Judgment shall be
9 enforceable against any party.

10 **E. Onsite Inspections.** The Administrator shall permit reasonable onsite inspection
11 by the Settling States on the premises of the Administrator to monitor administration of this
12 Judgment.

13 **F. Taxes.** Income taxes, if any, on income earned by the Administrator on funds
14 held temporarily by the Administrator pending distribution as restitution shall be paid out of the
15 income earned by those funds.

16 **VI. COMPLIANCE MONITORING**

17 **A. Implementation Timeline.** The Amerquest Parties shall implement the changes
18 required by this Judgment as soon as reasonably feasible but not later than March 15, 2007.

19 **B. Amerquest Parties' Internal Monitoring.** No later than ninety (90) days after
20 the Effective Date, the Amerquest Parties shall implement a program of internal monitoring to
21 insure its compliance with this Judgment. This program shall include, at a minimum, periodic
22 on-site visitation of branch offices, and a Mystery Shopping program (except for AMC), all
23 designed to test the Amerquest Parties' employees' compliance with this Judgment and the
24 Amerquest Parties' policies and procedures regarding the Loan origination and funding process.

25 **C. Customer Satisfaction Monitoring in Welcome Calls.** The Amerquest Parties
26 will attempt to contact, by telephone, each Borrower as his or her Loan is transferred to Loan
27 servicing. During such calls, Loan servicing personnel will review the Borrower's Loan terms
28 with Borrowers and assess their overall satisfaction with the Loan origination and funding

1 process. When material deficiencies or problems with the Loan origination or funding process
2 are identified, the matter will be promptly referred to a complaint resolution unit.

3 **D. Appointment of an Independent Monitor.** The Compliance Committee and the
4 Amerquest Parties shall agree on the appointment of an independent Monitor (hereafter the
5 "Monitor") to oversee compliance with the provisions of this Judgment by the Amerquest
6 Parties. In the event the parties fail to reach agreement on a Monitor within ninety (90) days after
7 the Effective Date, the Compliance Committee shall appoint a Monitor.

8 Within thirty (30) days after the appointment of the Monitor, the Compliance Committee
9 and the Amerquest Parties shall agree with the Monitor on a proposed work plan and contract,
10 which shall include all reasonable and necessary costs of the Monitor. If the Monitor, the
11 Compliance Committee and the Amerquest Parties fail to reach agreement within that time, the
12 Compliance Committee shall determine a fair and reasonable work plan and contract in
13 consultation with the Amerquest Parties and the Monitor.

14 In the event of any dispute arising over the Monitor's performance or the reasonableness
15 of the Monitor's costs and fees, either an Amerquest Party or the Monitor may request the
16 Compliance Committee arbitrate the dispute. In such event, the determination of the Compliance
17 Committee shall be final.

18 **E. Costs of the Monitor.** ACCCH or AMQ shall pay all reasonable and necessary
19 costs of the Monitor. Reasonable and necessary costs shall be limited to those set out in the
20 Monitor Contract, but in no event shall they exceed Two Million Dollars (\$2,000,000) per
21 calendar year. The Amerquest Parties and the Compliance Committee may agree to the
22 performance of additional necessary work by the Monitor in an amount not to exceed One
23 Million Five Hundred Thousand Dollars (\$1,500,000) for the entire Monitoring period.
24 Agreement for any additional work shall not be unreasonably withheld.

25 **F. Powers of the Monitor.**

- 26 1. The Monitor shall have broad discretion to review the Amerquest Parties'
27 operations to ensure that each of them complies with the terms of this Judgment.
28

1 The Monitor shall have all powers reasonable and necessary to efficiently and
2 effectively discharge its responsibilities under this Judgment.

3 2. The Amerquest Parties shall provide the Monitor access to all documents
4 necessary to permit the Monitor to fulfill its duties in a manner, format and time
5 frame convenient to the Monitor. Similarly, the Amerquest Parties shall provide
6 the Monitor with reasonable access to their employees as the Monitor reasonably
7 determines necessary to fulfill its duties under this Judgment. The Amerquest
8 Parties shall make its employees available for interview, either telephonic or
9 in-person, within seven (7) business days of the Monitor's request. Any customer
10 or proprietary information provided to the Monitor shall remain the sole property
11 of the Amerquest Parties and shall be treated as confidential information, subject
12 to the provisions of Section VI.H and Section VIII.F.

13 3. For Loan sampling purposes, the Monitor shall request the number of Loans
14 needed for a ninety-five percent (95%) confidence level, with an error tolerance of
15 plus or minus five percent (5%).

16 4. The Amerquest Parties shall provide the Monitor with private workspace and
17 access to a photocopier whenever the Monitor makes inspections of the
18 Amerquest Parties' documents, files and other materials.

19 **G. Oversight and Compliance.** The Monitor shall issue a report (hereafter
20 "Report") to the Compliance Committee for the periods ending December 31, 2006; June 30,
21 2007; December 31, 2007; December 31, 2008; December 31, 2009; and December 31, 2010.
22 Each report is due three (3) months after the close of the period covered by the Report. A copy
23 of the Report shall be submitted simultaneously to undersigned counsel for the Amerquest
24 Parties. The Report shall include:

- 25 1. The Monitor's evaluation of the Amerquest Parties' compliance with this
26 Judgment; and
27 2. The factual basis for the Monitor's conclusions.
28

1 The Monitor shall confer with the Amerquest Parties and the Compliance Committee
2 prior to issuing each Report.

3 **H. Use of the Monitor's Reports.** The Monitor's Reports and testimony may be
4 used by Plaintiff, ACCCH or the Amerquest Parties in any court hearing, trial or other
5 proceeding relating to this action, and the Reports shall be admissible into evidence if there is an
6 alleged violation of this Judgment. The Monitor's Report and testimony with respect to any
7 particular alleged violation shall not be admissible or used in any such proceeding by the State if
8 the Amerquest Parties have cured to the reasonable satisfaction of the State the alleged violation
9 within a reasonable time, which shall be no fewer than thirty (30) days and no more than ninety
10 (90) days after receipt of the report. Provided, however, that the Amerquest Parties shall not be
11 afforded an opportunity to cure for the purpose of preventing the State from using the Monitor's
12 Report and testimony when the violation of the same injunctive provision is found to have
13 occurred in over ten percent (10%) of the Loan transactions reviewed by the Monitor in any one
14 state in more than one Report. Subject to the California Public Records Act, Cal. Gov. Code §§
15 6250 *et seq.*, the Monitor's Reports shall not be disclosed to any private party without fifteen (15)
16 days prior notice to the Amerquest Parties, to permit the Amerquest Parties adequate
17 opportunity to object to their disclosure. The Amerquest Parties' remedy against the State for
18 any violation of this fifteen (15) day prior notice requirement is limited to seeking return of the
19 documents from the private party.

20 Nothing in this Judgment limits the right of the State to conduct investigations or
21 examinations independent of the work of the Monitor.

22 **I. Retention of Documents.** The Amerquest Parties shall generate, retain and
23 make readily available to the State for inspection, upon reasonable notice and without the
24 necessity of a subpoena or other legal process, all material records and documents reasonably
25 necessary to document compliance with this Judgment. The Amerquest Parties shall maintain
26 these records and documents for a minimum of five (5) years after the Monitor's final Report.

27 ///

28 ///

1 **VII. RELEASES**

2 **A. Release from Borrowers.** Each Borrower who receives a payment from the
3 Settlement Fund shall first execute the following release (which shall be provided to Borrowers
4 in both English and Spanish):

5 “‘We’ and ‘our’ mean the Borrowers under the Loan account number(s) listed above. If
6 there is only one Borrower, these terms refer to that single Borrower. The ‘Ameriquet Parties’
7 are Ameriquet Mortgage Company, Town and Country Credit Corporation, Ameriquet
8 Mortgage Services, Inc., formerly known as Bedford Home Loans, ACC Capital Holdings
9 Corporation and their respective (i) predecessors, past, present and future direct and indirect
10 parents, owners, subsidiaries, affiliated and other related persons or entities of any kind (be they
11 corporations, partnerships, trusts, individuals), including the successors and assigns of any of the
12 foregoing, and (ii) all past, present and future owners, employees, officers, agents, directors,
13 insurers, and any other representatives of all the foregoing, including, for natural persons, both in
14 their official and individual capacities.

15 By our signatures(s) below we acknowledge that we have read the following release and
16 are bound by its terms. In consideration for the restitution payment we are to receive, we release
17 the Ameriquet Parties from all civil claims, causes of action, any other right to obtain any type
18 of monetary damages (including punitive damages), expenses, attorneys' and other fees,
19 rescission, restitution or any other remedies of whatever kind at law or in equity, in contract, in
20 tort (including, but not limited to, personal injury and emotional distress), arising under any
21 source whatsoever, including any statute, regulation, rule, or common law, whether in a civil,
22 administrative, arbitral or other judicial or non-judicial proceeding, whether known or unknown,
23 and whether or not alleged, threatened or asserted by us or by any other person or entity on
24 my/our behalf, including any currently pending or future purported or certified class action in
25 which I/we am/are now or may hereafter become a class member, that arise from or are related to
26 the following lending practices engaged in by the Ameriquet Parties, during the period from
27 January 1, 1999 through December 31, 2005, in connection with the Loan account numbers listed
28 above:

1 All representations, misrepresentations, disclosures or any other acts, events, facts,
2 transactions, occurrences, omissions or conduct, whether oral, written or otherwise, by the
3 Ameriquet Parties, arising out of, in connection with or relating to any of the following:

- 4 1. Loan types and terms, including discount points, interest rates, origination-related
5 fees, monthly payment amounts, terms of adjustable rate and fixed rate mortgages
6 and prepayment penalties.
- 7 2. Written disclosures, including the Good Faith Estimate, other documents required
8 to be provided to a Potential Borrower by any law or otherwise provided by an
9 Ameriquet Party.
- 10 3. The Borrower benefits of obtaining a loan from an Ameriquet Party or from a
11 repeat refinancing with an Ameriquet Party.
- 12 4. Coordination with debt collectors.
- 13 5. The timely completion of the underwriting functions and funding of a loan.
- 14 6. Closing of a loan.
- 15 7. Appraisals.
- 16 8. Stated income loans.
- 17 9. Disclosures to non-English speaking Borrowers and Potential Borrowers.

18 **Additionally**, we have read and understand Section 1542 of the California Civil Code
19 ("Section 1542"), which provides:

20 "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE
21 CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER
22 FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF
23 KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS
24 OR HER SETTLEMENT WITH THE DEBTOR."

25 **Notwithstanding** the above-stated provisions of Section 1542, in order to give a full and
26 complete release and discharge to the Ameriquet Parties, we, knowingly and voluntarily,
27 expressly waive all rights afforded to us under the provisions of Section 1542. We expressly and
28 specifically intend for this Release to include in its effect all the claims described above that we

1 had or might have had against any of the Ameriquet Parties at any time on or prior to the date of
2 our signing this Release, even if we neither knew nor suspected the existence of those claims at
3 that time. This is our intent even if, had we known or suspected the existence of any claims at
4 that time, any such knowledge or suspicion would or might have materially affected our decision
5 to grant this release to the Ameriquet Parties.

6 **Also notwithstanding** this release, we may affirmatively or defensively assert any claim
7 or defense that we have with respect to my loan with an Ameriquet Party in response to a
8 judicial or threatened non-judicial foreclosure, including those related to the lending practices
9 listed in this release.”

10 **B. Release from the State.** The relief to be provided by ACCCH and the
11 Ameriquet Parties resolves all civil and administrative investigations and proceedings, if any,
12 including those that are pending or closed, that have been or could have been brought by the
13 State against the Ameriquet Parties, as defined in the “Release from Borrowers” set forth above,
14 based upon the Lending Practices with respect to the Covered Transactions. This release is
15 effective so long as restitution and other payments required under the terms of this Judgment are
16 timely made. However, this release does not include a waiver or release of any civil or
17 administrative claims, regulatory matters, or causes of action relating to any practices, acts or
18 omissions by any Ameriquet Party that are not based upon the Lending Practices with respect to
19 the Covered Transactions.

20 **VIII. MISCELLANEOUS**

21 **A. State Authority.** The relief provided in this Judgment, including all payments by
22 ACCCH or by the Ameriquet Parties, to the Settlement Fund or any accounts established by this
23 Judgment, is in response to and in compliance with the State of California’s authority to regulate
24 ACCCH and the Ameriquet Parties and the State of California’s police powers.

25 **B. Removal of the Administrator or the Monitor.** The Settling States reserve the
26 right to remove and replace the Monitor or Administrator upon approval of two-thirds (2/3) of
27 the number of the Settling States.
28

1 **C. Compliance with State and Federal Law and Prior Agreements.** Nothing in
2 this Judgment shall relieve the Ameriquist Parties of their obligation to comply with applicable
3 California and federal law. Where California statutes or regulations, letters of understanding or
4 agreements with the Ameriquist Parties, entered into and in force with the Department of
5 Corporations, Office of the Attorney General, or any of the District Attorneys provide greater
6 consumer protections than the terms or provisions included in this Judgment, then those statutes,
7 regulations, letters of understanding or agreements with the Ameriquist Parties shall govern.

8 **D. Modification of Judgment.** This Judgment may be modified only by order of
9 this Court. After making a good faith effort to obtain the concurrence of the other party for the
10 requested relief, which concurrence shall not be unreasonably withheld, the party seeking
11 modification may petition the Court for modification of the terms and conditions of this
12 Judgment.

13 **E. Limitation on Use of Information from the Ameriquist Parties.** This
14 Judgment and any information provided by the Ameriquist Parties in the course of negotiating
15 the Judgment shall not be used by the State as the basis for the denial, revocation, suspension or
16 non-renewal of, or imposition of any condition on, any license, authorization, approval or
17 consent that ACCCH or an Ameriquist Party may now have, or may hereafter seek to obtain
18 under the State of California's lending, banking, insurance or similar financial laws or
19 regulations, except as expressly provided in this Judgment.

20 **F. Disclosure of Information.** If the Office of the California Attorney General,
21 Department of Corporations, or any of the District Attorneys, receives a request for documents
22 provided by an Ameriquist Party relating to the subject matter of this Judgment, the Monitor's
23 Reports, or information obtained by the Administrator or Monitor in connection with this
24 Judgment, the office receiving the request for documents shall comply with applicable public
25 disclosure laws and promptly provide notice to the Ameriquist Parties of the request that will
26 afford the Ameriquist Parties the reasonable opportunity to assert that the documents subject to
27 the request are exempt from disclosure.
28

1 **G. No Disqualification to Do Business.** This Judgment is not intended to disqualify
2 ACCCH or the Ameriquet Parties from engaging in any business in California. Further, this
3 Judgment is not intended to have any effect upon the existing ACCCH or Ameriquet Party
4 licenses in California. This Judgment may not be used as any basis for the denial, revocation,
5 suspension or non-renewal of, or imposition of any condition on, any license, authorization,
6 approval or consent that ACCCH or an Ameriquet Party may now have or hereafter may seek
7 under California law.

8 **H. Judgment Enforceable Only By the Parties.** This Judgment may only be
9 enforced by the Parties. This Judgment shall not be interpreted to alter the contractual terms of
10 any Loan agreement that any Borrower has with any of the Ameriquet Parties, or constitute a
11 novation of any Loan agreement, except as expressly provided in this Judgment. This Court shall
12 retain jurisdiction to enforce the terms and conditions of this Judgment.

13 California may not bring an action to enforce this Judgment without first notifying
14 ACCCH and the Ameriquet Parties in writing of Plaintiff's intent to file and of the alleged
15 violations, specifically citing the applicable provisions of the Judgment on which the proposed
16 action is to be based. This notice shall be no less than fifteen (15) days prior to filing the action.

17 **I. Submission to Jurisdiction for Limited Purpose.** ACCCH and the Ameriquet
18 Parties submit to the jurisdiction of this Court for the limited purpose of entering into and
19 enforcing this Judgment only. Any acts, conduct or appearance by ACCCH or the Ameriquet
20 Parties shall not constitute or be construed as a submission to the general jurisdiction of any court
21 or non-judicial forum in California for any purpose whatsoever.

22 **J. Conflict with Subsequent Law.** In the event that any law conflicts with any
23 provision of this Judgment, making it impossible for ACCCH or the Ameriquet Parties to
24 comply both with the law and with the provisions of this Judgment, the provisions of the law
25 shall govern.

26 **K. No Third Party Beneficiaries Intended.** This Judgment is not intended to
27 confer upon any person any rights or remedies, including rights as a third party beneficiary.

28 **L. Service of Notices and Process.** Service of notices and process required by this

Judgment, or its enforcement shall be served on the following persons, or any person subsequently designated by the parties:

For ACCCH and the Ameriquet Parties: ACC Capital Holdings Company
1100 Town & Country Road
Orange, California 92868
Attn: Thomas J. Noto, Esquire
Executive Vice President and
General Counsel
Fax: (714) 479-0406

For the Settling States: Iowa Office of the Attorney General
Consumer Protection Division
Hoover State Office Building
Des Moines, Iowa 50319
Attn: Patrick Madigan, Esquire
Assistant Attorney General
Fax: (515) 281-6771

For California: Benjamin G. Diehl, Esq.
Deputy Attorney General
Office of the Attorney General
300 S. Spring St.
Los Angeles, CA 90013
Fax: (213) 897-5548

Judy L. Hartley, Esq.
Senior Corporations Counsel
California Department of Corporations
320 W. 4th Street, Ste. 750
Los Angeles, California 90013-2344
Fax: (213) 576-7181

M. Waiver/Construction. The failure of any party to exercise any rights under this Judgment shall not be deemed a waiver of any right or any future rights. If any part of this Judgment shall for any reason be found or held invalid or unenforceable by any court of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of this Judgment, which shall survive and be construed as if such invalid or unenforceable part had not been contained herein.

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1
2
3 **ORDER AND JUDGMENT**

4 NOW, THEREFORE, based upon the advice and stipulation of the parties, and good
5 cause appearing,

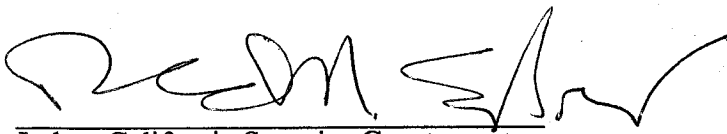
6 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED, AS FOLLOWS:

7 A. Upon agreement of the parties, this Court hereby enters this Permanent Injunction
8 and Final Judgment.

9 B. This Court shall retain jurisdiction to enforce the terms and conditions of this
10 Judgment.

11 Date:

3/21/06



Judge, California Superior Court

IMPORTANT NOTICE OF LOAN TERMS OFFERED BY [COMPANY]

Date of this Notice: _____

The **TOTAL AMOUNT** of your proposed mortgage loan is \$_____.

Your loan amount includes **TOTAL LENDER FEES** of **(BOLD/UNDERLINED)** \$

[For fixed-rate loans] Your **MONTHLY PAYMENTS** of principal and interest will be \$_____ for the life of your loan.

[For ARM loans] Your **MONTHLY PAYMENTS** of principal and interest will be \$_____ for the first _____ [initial adjustment term], after which they may increase as your loan interest rate adjusts.

[As applicable: This amount does **NOT** include the cost of your property taxes and homeowner's insurance]

[For fixed rate loans]

Ameriquest is offering you a loan at _____% **INTEREST**.

[For ARM loans]

[Company] is offering you a loan starting at _____% **INTEREST**.

This loan is a fixed rate loan for [initial adjustment term]. After that the rate may adjust. This means that after the initial period, your interest rate and loan payments can go up every [subsequent adjustment period], depending on market rates. [As applicable: The rate will not ever go lower than _____%.]

This loan has a **PREPAYMENT PENALTY**. This means that if you were to prepay your loan in full within [term], you could pay a charge as high as \$_____.

Ameriquest is charging you \$_____ **(BOLD/UNDERLINED)** in loan **DISCOUNT POINTS**, which lowers the interest rate on your loan. You may choose a loan with fewer discount points and a higher interest rate. Below is a comparison:

Loan as Presented

Loan Amount _____
Current Interest Rate _____
Discount Points _____% \$ _____
Monthly Payment _____

WITH FEWEST DISCOUNT POINTS

Loan Amount _____
New Interest Rate _____
Discount Points _____% \$ _____
Monthly Payment _____

Please contact your Ameriquest mortgage specialist if you have questions about this loan proposal.

EX A