

STATE OF NEBRASKA
Department of Banking & Finance

IN THE MATTER OF:

Home Loan Center Inc.,
d/b/a LendingTree Loans,
163 Technology Drive,
Irvine, California

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FINDINGS OF FACT
CONCLUSIONS OF LAW
AND
CONSENT ORDER

NMLS No. 4266

THIS MATTER comes before the Nebraska Department of Banking and Finance ("DEPARTMENT"), by and through its Director, pursuant to its authority under the Residential Mortgage Licensing Act, Neb. Rev. Stat. §§ 45-701 to 45-754 (Reissue 2010; Supp. 2011) ("the Act"). Pursuant to Neb. Rev. Stat. § 45-741 (Reissue 2010), the DEPARTMENT has investigated the actions of Home Loan Center, Inc, d/b/a LendingTree Loans, 163 Technology Drive, Irvine, California ("HOME"). As a result of such investigation, and being duly advised and informed in the matter, the Director and HOME enter into the following Findings of Fact, Conclusions of Law, and Consent Order.

FINDINGS OF FACT

1. On December 1, 2004, the DEPARTMENT issued a mortgage banker license to HOME.
2. On January 2, 2008, the DEPARTMENT joined the Nationwide Mortgage Licensing System ("NMLS"), an online licensing database. The NMLS utilizes standardized application forms including the Form MU1, Uniform Mortgage

Lender/Mortgage Broker Form (“Form MU1”). Form MU1 is used by each mortgage banker licensee and applicant to report information to the DEPARTMENT including its legal name, trade names, address, ownership, and any regulatory orders and/or proceedings. In addition, the NMLS assigns each company, branch, and individual a unique identifier which allows regulators to track licensees across state lines and over time. The NMLS assigned HOME the unique identifier NMLS No. 4266.

3. Form MU1 includes a section captioned “Disclosure Questions” which requires the applicant to answer questions concerning certain criminal, regulatory, and civil actions taken by regulatory agencies and law enforcement authorities in regard to the applicant or licensee. Licensees are required to provide additional supplemental material explaining any “Yes” answer to a Disclosure Question.

4. HOME submitted its first Form MU1 to the DEPARTMENT on February 13, 2008 (“2008 Form MU1”).

5. Question 9(C)(2) of the Disclosure Questions Section on the 2008 Form MU1 stated as follows:

In the past 10 years, has any State or federal regulatory agency or foreign financial regulatory authority (2) found the entity or a control affiliate to have been involved in a violation of a financial services-related regulation(s) or statute(s)?

6. Question 9(C)(4) of the Disclosure Questions Section on the 2008 Form MU1 stated as follows:

In the past 10 years, has any State or federal regulatory agency or foreign financial regulatory authority (4) entered an order against the entity or a control affiliate in connection with a financial services-related activity?

7. Question 9(F) of the Disclosure Questions Section on the 2008 Form MU1 stated as follows:

Has any domestic or foreign court:

- (1) in the past ten years enjoined the entity or a control affiliate in connection with any financial services-related activity?
- (2) in the past ten years found the entity or a control affiliate was involved in a violation of any financial services-related statute(s) or regulation(s)?
- (3) in the past ten years dismissed, pursuant to a settlement agreement, a financial services-related civil action brought against the entity or control affiliate by a State or foreign financial regulatory authority?

8. Question 9(G) of the Disclosure Questions Section on the 2008 Form MU1

stated as follows:

Is the entity or a control affiliate named in any pending financial services-related civil action that could result in a “yes” answer to any part of (F)?

9. The instructions to the 2008 Form MU1 provide the following definitions of

the terms used in the Disclosure Questions Section:

CONTROL AFFILIATE – A partnership, corporation, trust, LLC, or other organization that directly or indirectly controls, or is controlled by, the applicant.

FINANCIAL SERVICES OR FINANCIAL SERVICES RELATED – Pertaining to securities, commodities, banking, insurance, consumer lending, or real estate (including, but not limited to; acting as or being associated with a bank or savings association, credit union, mortgage lender, mortgage broker, real estate salesperson or agent, closing agent, title company, or escrow agent).

FOUND – Includes adverse final actions, including consent decrees in which the respondent has neither admitted nor denied the findings, but does not include agreements, deficiency letters, examination reports, memoranda of understanding, letters of caution, admonishments, and similar informal resolutions of matters.

ORDER – A written directive issued pursuant to statutory authority and procedures, including orders of denial, suspension, or revocation; does not include special stipulations, undertakings or agreements relating to payments, limitations on activity or other restrictions unless they are included in an *order*.

10. HOME answered "No" to Questions 9(C)(2), 9(C)(4), 9(F)(1-3), and 9(G) on the 2008 Form MU1. On March 5, 2008, HOME amended its answer to Question 9(C)(4) to "Yes" to properly account for an Order from the Tennessee Department of Financial Institutions which HOME had previously disclosed to the DEPARTMENT.

11. As part of each Form MU1 filing made by HOME since March 5, 2008, HOME attested to the accuracy of the information contained in its Form MU1 as follows:

I . . . make oath and say as follows, that I executed this form on behalf, and with the authority, of said Applicant and said Applicant agrees to and represents the following:

(1) That the information and statements contained herein, including exhibits attached hereto, and other information filed herewith, all of which are made a part of this application, are current, true and complete and are made under the penalty of perjury, or un-sworn falsification to authorities, or similar provisions as provided by law;

(2) To the extent any information previously submitted is not amended, such information remains accurate and complete; (Emphasis added.)

....

(4) To keep the information contained in this form current and to file accurate supplementary information on a timely basis[.] (Emphasis added.)

12. HOME renewed its license for 2009, 2010, and 2011. As part of the 2009 renewal, HOME completed an attestation on October 23, 2008. As part of the 2010 renewal, HOME completed an attestation on November 3, 2009. As part of the 2011 renewal, HOME completed an attestation on November 1, 2010. In all three attestations, HOME attested as follows:

[T]he information contained in the Licensee/Registrant's online record, as well as any applicable jurisdiction specific requirements, is true, accurate and complete in accordance with the appropriate jurisdiction's law. Additionally, I acknowledge that I have a duty and agree expediently to update and correct the information as it changes.

I understand that submitting any false or misleading information, or omitting pertinent or material information, may be grounds for administrative action and/or criminal action.

The Licensee/Registrant has updated the documents on file with the jurisdiction(s) to disclose any new event or proceeding requiring an affirmative answer to any Disclosure Questions which has occurred since the Licensee/Registrant submitted its license/registration application or renewal application to the applicable jurisdiction(s). Any documents explaining affirmative answers to any Disclosure Questions previously submitted by the Licensee/Registrant to each jurisdiction(s) remain true and accurate.

13. At the time that HOME completed the renewal attestation in Finding of Fact No. 12, above, for 2009 and 2010; HOME's Form MU1 reflected a "Yes" answer to Question (9)(C)(4), and "No" answers to Questions 9(C)(2), and 9(F)(1-3). At no time prior to submitting its 2009 or 2010 request had HOME notified the DEPARTMENT of any additional enforcement actions taken by any other state or federal regulator.

14. On February 13, 2007, the Washington Department of Financial Institutions entered a Consent Order ("Washington Order") against HLC Escrow, Inc. ("HLC"), a wholly-owned subsidiary of HOME. The Washington Order imposed a fine against HLC for conducting escrow business in Washington prior to obtaining the proper license. The Washington Order was an Order against a control-affiliate of HOME and therefore was required to be disclosed to the DEPARTMENT in response to Question 9(C)(4) on the Form MU1, and supplemental material was required to be submitted to the DEPARTMENT.

15. HOME notified the DEPARTMENT of the Washington Order for the first time in a letter received by the DEPARTMENT on April 7, 2010.

16. The Washington Order constitutes an Order involving violations of financial services-related statutes and therefore was required to be disclosed by Question (9)(C)(4) on the Form MU1, and supplemental documentation was required to be provided to the DEPARTMENT. HOME failed to provide supplemental documentation concerning the

Washington Order prior to April 7, 2010. Therefore, HOME provided false and misleading information to the DEPARTMENT in connection with the filing of the numerous amendments to its Form MU1 between March 5, 2008, and April 7, 2010, and in connection with its requests to renew its mortgage banker license for 2009 and 2010.

17. On December 30, 2008, the Kentucky Department of Financial Institutions entered an Agreed Order ("Kentucky Order"). The Kentucky Order imposed a fine against HOME for violations of various provisions of Kentucky law. The Kentucky Order was an Order against HOME and therefore was required to be disclosed to the DEPARTMENT in response to Question 9(C)(4) on the Form MU1 and supplemental documentation was required to be submitted to the DEPARTMENT.

18. HOME notified the DEPARTMENT of the Kentucky Order for the first time in a letter received by the DEPARTMENT on July 2, 2010.

19. The Kentucky Order constitutes an Order involving violations of financial services-related statutes and therefore was required to be disclosed by Question (9)(C)(4) on the Form MU1, and supplemental documentation was required to be provided to the DEPARTMENT. HOME failed to provide supplemental documentation concerning the Kentucky Order prior to July 2, 2010. Therefore, HOME provided false and misleading information to the DEPARTMENT in connection with the filing of the numerous amendments to its Form MU1 between December 30, 2008, and July 2, 2010, and in connection with its requests to renew its mortgage banker license for 2010.

20. On March 5, 2007, the New Jersey Department of Banking and Insurance issued an "Order to Show Cause Why Licenses Should Not Be Suspended And Penalties Imposed" ("New Jersey Order"), alleging various violations of New Jersey law. HOME

ultimately entered into a Stipulation of Settlement in which HOME paid a penalty to resolve the violations. The New Jersey Order was an Order against HOME and therefore was required to be disclosed to the DEPARTMENT in response to Question 9(C)(4) on the Form MU1 and supplemental documentation was required to be submitted to the DEPARTMENT.

21.. HOME notified the DEPARTMENT of the New Jersey Order for the first time in a letter received by the DEPARTMENT on July 2, 2010.

22. The New Jersey Order constitutes an Order involving violations of financial services-related statutes and therefore was required to be disclosed by Question (9)(C)(4) on the Form MU1, and supplemental documentation was required to be provided to the DEPARTMENT. HOME failed to provide supplemental documentation concerning the New Jersey Order prior to July 2, 2010. Therefore, HOME provided false and misleading information to the DEPARTMENT in connection with the filing of the numerous amendments to its Form MU1 between March 5, 2007, and July 2, 2010, and in connection with its requests to renew its mortgage banker license for 2008, 2009, and 2010.

23. On August 27, 2010, the Maryland Commissioner of Financial Regulation issued a Settlement Agreement and Consent Order ("Maryland Order") to HOME regarding unlicensed loan originators and imposed a \$68,900.00 fine against HOME for such unlicensed activity. The Maryland Order was an Order against HOME and therefore was required to be disclosed to the DEPARTMENT in response to Question 9(C)(4) on the Form MU1 and supplemental documentation was required to be submitted to the DEPARTMENT.

24. HOME notified the DEPARTMENT of the Maryland Order for the first time in a letter received by the DEPARTMENT on October 13, 2010.

25. The Maryland Order constitutes an Order involving violations of financial services-related statutes and therefore was required to be disclosed by Question (9)(C)(4) on the Form MU1, and supplemental documentation was required to be provided to the DEPARTMENT. HOME failed to provide supplemental documentation concerning the Maryland Order prior to October 13, 2010. Therefore, HOME provided false and misleading information to the DEPARTMENT in connection with the filing of the numerous amendments to its Form MU1 between August 27, 2010, and October 13, 2010.

26. On January 19, 2011, HOME filed an amended Form MU1 changing its answer to Question (9)(G) from “No” to “Yes.” On February 24, 2011, the DEPARTMENT received a list of five pending litigation matters related to financial services. Two of the actions had been filed in 2006, one was filed in 2008, and two were filed in 2009. As such lawsuits involved financial-services related matters, they should have been disclosed to the DEPARTMENT in response to Question 9(G). HOME’s filing of its amended Form MU1 on January 19, 2011, was its first notice to the DEPARTMENT concerning these litigation matters. Therefore, HOME provided false and misleading information to the DEPARTMENT in connection with the filing of the numerous amendments to its Form MU1 between March 5, 2008, and January 19, 2011, and in connection with its requests to renew its mortgage banker license for 2008, 2009, 2010, and 2011.

27. The DEPARTMENT incurred a minimum of one thousand dollars in investigation costs in this matter.

CONCLUSIONS OF LAW

1. Neb. Rev. Stat. § 45-705 (Reissue 2010) provides, in part, that no person shall act as a mortgage banker or use the title mortgage banker in this state unless he, she, or it is licensed or registered with the DEPARTMENT.

2. Neb. Rev. Stat. § 45-742(1)(d) (Supp. 2011) provides that if the Director, following an administrative hearing, finds that a licensee has made or caused to be made, in any document filed with the Director or in any proceeding under the Act, any statement which was, at the time and in light of the circumstances under which it was made, false or misleading in any material respect or suppressed or withheld from the Director any information which, if submitted by the licensee, would have resulted in denial of the license application, the Director may suspend or revoke the mortgage banker's license, or impose an administrative fine.

3. Neb. Rev. Stat. § 45-743 (Reissue 2010) provides that if the Director finds, after notice and hearing in accordance with the Administrative Procedure Act, that any person has knowingly committed any act prohibited by Section 45-742 or has otherwise violated the Residential Mortgage Licensing Act, the Director may order such person to pay an administrative fine not exceeding five thousand dollars for each separate violation plus the costs of investigation.

4. As set forth in Finding of Fact No. 16, the Washington Order constituted an Order by a state regulator which was required to be timely disclosed in response to Question (9)(C)(4) on the Form MU1 and for which supplemental material was required to be submitted to the DEPARTMENT. HOME's failure to update its supplemental documentation to disclose the Washington Order in response to Question (9)(C)(4)

resulted in HOME providing false and misleading information to the DEPARTMENT. Therefore, HOME violated Neb. Rev. Stat. § 45-742(1)(d) (Supp. 2011) in connection with each amended Form MU1 filing that it made with the DEPARTMENT between March 5, 2008, and April 7, 2010, and in connection with its requests to renew its mortgage banker license for 2009 and 2010.

5. As set forth in Finding of Fact No. 19, the Kentucky Order constituted an Order by a state regulator which was required to be timely disclosed in response to Question (9)(C)(4) on the Form MU1 and for which supplemental material was required to be submitted to the DEPARTMENT. HOME's failure to update its supplemental documentation to disclose the Kentucky Order in response to Question (9)(C)(4) resulted in HOME providing false and misleading information to the DEPARTMENT. Therefore, HOME violated Neb. Rev. Stat. § 45-742(1)(d) (Supp. 2011) in connection with each amended Form MU1 filing that it made with the DEPARTMENT between December 30, 2008, and July 2, 2010, and in connection with its requests to renew its mortgage banker license for 2010.

6. As set forth in Finding of Fact No. 22, the New Jersey Order constituted an Order by a state regulator which was required to be timely disclosed in response to Question (9)(C)(4) on the Form MU1 and for which supplemental material was required to be submitted to the DEPARTMENT. HOME's failure to update its supplemental documentation to disclose the New Jersey Order in response to Question (9)(C)(4) resulted in HOME providing false and misleading information to the DEPARTMENT. Therefore, HOME violated Neb. Rev. Stat. § 45-742(1)(d) (Supp. 2011) in connection with each amended Form MU1 filing that it made with the DEPARTMENT between

March 5, 2007, and July 2, 2010, and in connection with its requests to renew its mortgage banker license for 2008, 2009, and 2010.

7. As set forth in Finding of Fact No. 25, the Maryland Order constituted an Order by a state regulator which was required to be timely disclosed in response to Question (9)(C)(4) on the Form MU1 and for which supplemental material was required to be submitted to the DEPARTMENT. HOME's failure to update its supplemental documentation to disclose the Maryland Order in response to Question (9)(C)(4) resulted in HOME providing false and misleading information to the DEPARTMENT. Therefore, HOME violated Neb. Rev. Stat. § 45-742(1)(d) (Supp. 2011) in connection with each amended Form MU1 filing that it made with the DEPARTMENT between August 27, 2010, and October 13, 2010.

8. As set forth in Finding of Fact No. 26, the civil lawsuits constituted pending financial services-related litigation which was required to be timely disclosed in response to Question (9)(G) on the Form MU1 and for which supplemental material was required to be submitted to the DEPARTMENT. HOME's failure to answer "Yes" to Question (9)(G) and to update its supplemental documentation to disclose the civil litigation resulted in HOME providing false and misleading information to the DEPARTMENT. Therefore, HOME violated Neb. Rev. Stat. § 45-742(1)(d) (Supp. 2011) in connection with each amended Form MU1 filing that it made with the DEPARTMENT between March 5, 2008, and January 19, 2011, and in connection with its requests to renew its mortgage banker license for 2008, 2009, 2010, and 2011.

9. The facts listed in the above Findings of Fact constitute a sufficient basis for the Director to determine that HOME has violated the Act and that proceedings could be

commenced to revoke or suspend HOME's license and/or to impose an administrative fine in an amount of not more than five thousand dollars for each of the violations plus costs of investigation in accordance with Neb. Rev. Stat. § 45-743 (Reissue 2010).

10. Under the Act's statutory framework, the Director has the legal and equitable authority to fashion significant remedies.

11. It is in the best interest of HOME and in the best interest of the public for HOME and the DEPARTMENT to resolve the issues included herein.

CONSENT ORDER

The DEPARTMENT and HOME agree as follows:

Stipulations: In connection with this Consent Order, HOME and the DEPARTMENT stipulate to the following:

1. The DEPARTMENT has jurisdiction as to all matters herein.
2. This Consent Order shall resolve all matters between the DEPARTMENT and HOME in connection with the Findings of Fact listed above. Should future circumstances warrant, the facts from this matter may be considered in a future administrative action by the DEPARTMENT.
3. This Consent Order shall be in lieu of all other proceedings available to the DEPARTMENT, except as specifically referenced in this Consent Order.

HOME further represents as follows:

1. HOME is aware of its right to a hearing on these matters at which it may be represented by counsel, present evidence, and cross-examine witnesses. The right to such a hearing, and any related appeal, is irrevocably waived.
2. HOME is acting free from any duress or coercion of any kind or nature.

3. This Consent Order is executed to avoid further proceedings. HOME neither admits nor denies the DEPARTMENT's Findings of Facts and Conclusions of Law above and neither admits to nor denies that its acts and/or omissions violated the statutes recited herein.

IT IS THEREFORE AGREED as follows:

1. Within ten (10) days after the effective date of this Consent Order, HOME shall pay a fine of two thousand five hundred dollars (\$2,500.00) for the violations of Neb. Rev. Stat. § 45-742(1)(d) (Supp. 2011) it committed by repeatedly submitting false and misleading information to the DEPARTMENT in connection with its filings of amended Form MU1s which failed to disclose the Orders issued by Washington, Kentucky, New Jersey, and Maryland and which failed to disclose the pending financial services-related litigation.

2. Within ten (10) days after the effective date of this Consent Order, HOME shall pay a fine of two thousand five hundred dollars (\$2,500.00) for the violations of Neb. Rev. Stat. § 45-742(1)(d) (Supp. 2011) it committed by repeatedly submitting false and misleading information to the DEPARTMENT in connection with its filings of renewal attestations for 2008, 2009, 2010, and 2011, which falsely claimed that the information in its Form MU1 was true and accurate.

3. Within ten (10) days after the effective date of this Consent Order, HOME shall pay the investigation costs of the DEPARTMENT in the amount of one thousand dollars (\$1,000.00).


4. The total amount of the fine and investigation costs, six thousand dollars (\$6,000.00), shall be payable in one check or money order to the DEPARTMENT.

5. In the event HOME fails to comply with any of the provisions of this Consent Order, the DEPARTMENT may commence such action regarding HOME as it deems necessary and appropriate in the public interest.

6. The effective date of this Consent Order shall be the date of the Director's signature.

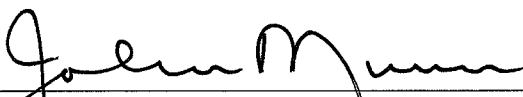
DATED this 15 day of May, 2012.

HOME LOAN CENTER, INC.
d/b/a LendingTree Loans

By:  David Norris President HLC
163 Technology Drive
Irvine, California 92618

DATED this 17th day of May, 2012.

STATE OF NEBRASKA
DEPARTMENT OF BANKING AND FINANCE

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