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2 (Firm State Bar No. 14000)  
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9  
10 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**  
11 **IN AND FOR THE COUNTY OF MARICOPA**

12 STATE OF ARIZONA, *ex rel.* TERRY  
GODDARD, Attorney General,

13 Plaintiff,

14 -vs-

15 HOME LOAN CENTER, INC., a California  
corporation,

16 Defendant.  
17

Case No: \_\_\_\_\_

**CONSENT JUDGMENT**

(Non-classified Civil)

18 Plaintiff State of Arizona, *ex rel.* Terry Goddard, Attorney General (the "Attorney  
19 General"), having filed a Complaint alleging violations of the Arizona Consumer Fraud Act,  
20 A.R.S. § 44-1521 *et seq.* ("the Act"), and Defendant Home Loan Center, Inc, ("Home Loan  
21 Center" or "Company"), a California corporation, having accepted service of the Complaint,  
22 having been fully advised of its right to trial in this matter, and having waived that right,  
23 admit the jurisdiction of this Court over the subject matter and the parties for the purpose of  
24 entry of this Consent Judgment and acknowledge that jurisdiction is retained by the Court for  
25 the purpose of enforcement of the Consent Judgment.  
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1 The State's Complaint alleges that Defendants violated the Act in the advertising of  
2 payment option adjustable rate mortgage ("ARM") loan products to Arizona consumers.

3 Home Loan Center has informed the State that approximately three years prior to the  
4 initiation of the investigation by the State, it discontinued offering and origination of payment  
5 option ARM loan products in Arizona. Home Loan Center has also informed the State that  
6 the management team responsible for the development and implementation of these payment  
7 option ARM loan products is no longer with the Company.

8 **STIPULATION**

9 1. Home Loan Center has agreed to a voluntary compromise of disputed claims.

10 2. The State and Home Loan Center have agreed on a basis for the settlement of  
11 the matters in dispute between them.

12 3. Home Loan Center, by entering into this Consent Judgment, does not admit any  
13 wrongdoing. Additionally, Home Loan Center denies any liability that would arise from the  
14 allegations in the Complaint.

15 4. The State and Home Loan Center agree that this Consent Judgment does not  
16 constitute evidence or an admission regarding the existence or non-existence of any issue,  
17 fact, or violation of any law, including A.R.S. § 44-1521 *et seq.* This Consent Judgment is  
18 made without trial or adjudication of any issues of fact or law or finding of liability of any  
19 kind.

20 5. The State and Home Loan Center recognize and state that this Consent  
21 Judgment is entered into voluntarily and that no promises, other than what is contained in this  
22 Consent Judgment, or threats have been made by the Attorney General's Office or any  
23 member thereof to induce Home Loan Center to enter into this Consent Judgment.

24 **PARTIES**

25 6. Plaintiff is the State of Arizona *ex rel.* Terry Goddard, the Attorney General,  
26 who is charged with the enforcement of A.R.S. § 44-1521 *et seq.*



1 a. Home Loan Center, Inc. as well as its DBAs, current and future  
2 principals, officers and directors; its assigns, successors, affiliates, subsidiaries,  
3 future merged or acquired entities, and its managerial and supervisory  
4 employees and sales representatives having responsibilities with respect to the  
5 subject matter of this Consent Judgment; and

6 b. The Attorney General.

7 14. Unless otherwise provided herein, this Consent Judgment shall remain in effect  
8 for a period of ten (10) years from the Effective Date.

9 A.R.S. § 44-1521 et seq.

10 15. Home Loan Center shall comply with the provisions of the A.R.S. § 44-1521 *et*  
11 *seq.* as it is currently written or as amended in the future.

12 PAYMENT OPTION ARM LOAN PRODUCTS

13 16. Home Loan Center represents that it does not currently market or originate  
14 payment option ARM loan products in the State of Arizona and that it is not currently  
15 planning to do so. If Home Loan Center decides to offer payment option ARM loan products  
16 in the future, it will (i) provide at least ninety (90) days written notice to the State, and (ii)  
17 ensure that it makes clear and non-misleading disclosures of the risks of such products in the  
18 advertisements of such products.

19 MONETARY PAYMENT

20 17. Within ten (10) days of entry of this Consent Judgment, Home Loan Center,  
21 without admitting any wrongdoing, will provide one million one hundred fifty thousand  
22 dollars (\$1,150,000) to the Office of the Attorney General in order to assist with the State's  
23 efforts to prevent or mitigate foreclosures and to prevent mortgage or loan modification fraud.  
24 Home Loan Center has paid all attorneys' fees and costs related to this Consent Judgment  
25 prior to execution of the Consent Judgment. The State shall not seek any further fees or  
26 costs.

1 **REPORTING**

2 18. Upon request of the Attorney General, Home Loan Center shall submit such  
3 written reports within a commercially reasonable time, under oath if requested, with respect  
4 to any of the matters contained in this Consent Judgment as may be identified in the request.

5 **ENFORCEMENT**

6 19. Before initiating any proceeding to enforce this Consent Judgment, the State  
7 shall provide forty-five (45) days' written notice to Home Loan Center of its intent to initiate  
8 such proceedings, and shall give Home Loan Center a reasonable opportunity to cure any  
9 alleged violation. Whenever possible, the Parties shall seek to resolve informally an alleged  
10 violation of this Consent Judgment. Before seeking an order for monetary, civil contempt, or  
11 any other relief or sanction, the State shall give good-faith consideration to whether Home  
12 Loan Center has taken corrective action designed to cause the claimed violation to be cured  
13 and to prevent future occurrences.

14 20. Home Loan Center shall not represent or imply that the Attorney General, the  
15 State of Arizona, or any other agency thereof has approved any of Home Loan Center's  
16 actions in Arizona or has approved any of Home Loan Center's past, present or future  
17 business practices in Arizona.

18 21. The Attorney General shall not represent or imply that Home Loan Center  
19 admits or acknowledges any wrongdoing.

20 **RELEASE AND SETTLEMENT OF CLAIMS**

21 22. The payment and performance as provided herein shall be, upon completion, in  
22 settlement of all claims the Attorney General may have against Home Loan Center arising out  
23 of or relating to the subject matter of this Consent Judgment as of the Effective Date.

24 **RETENTION OF JURISDICTION**

25 23. Jurisdiction is retained by this Court for the purpose of enabling the Attorney  
26 General or Home Loan Center to apply to the Court at any time for such further orders and

1 directions as may be necessary or appropriate for the construction or implementation of any  
2 of the provisions of this Consent Judgment, for the enforcement or compliance herewith, and  
3 for the punishment of any violations hereof. Nothing in this provision shall give standing to  
4 any person not a party to the Consent Judgment to seek any relief related to it.

5 **AGREEMENT OF THE PARTIES**

6 24. The State and Home Loan Center have stipulated to entry of this Consent  
7 Judgment. This Consent Judgment constitutes the entire agreement of the parties with respect  
8 to the subject matter hereof and supersedes all prior agreements and understandings relating  
9 to the subject matter hereof. No evidence of any prior oral or written agreement shall be  
10 admissible in any proceeding for any purpose absent written consent of all parties to this  
11 Consent Judgment.

12 25. This Consent Judgment shall not constitute an admission of wrongdoing by  
13 Home Loan Center, nor shall it be cited as such by the Attorney General. The Consent  
14 Judgment shall not be admissible in any other proceeding as evidence of wrongdoing or a  
15 concession of responsibility.

16 **APPLICABLE LAW**

17 26. This Consent Judgment shall be construed and enforced in accordance with the  
18 laws of the State of Arizona. In any action or dispute relating to this Consent Judgment,  
19 jurisdiction and venue shall be in the Superior Court of the State of Arizona in and for the  
20 County of Maricopa.

21 **CONFLICT WITH SUBSEQUENT LAW**

22 27. In the event that any applicable law conflicts with any provision hereof, making  
23 it impossible for Home Loan Center to comply both with the law and with the provisions of  
24 this Consent Judgment, the provisions of applicable law shall govern.

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**NO THIRD PARTY BENEFICIARIES INTENDED**

28. This Consent Judgment is not intended to confer upon any person any rights or remedies, including rights as a third party beneficiary. This Consent Judgment is not intended to create a private right of action on the part of any person or entity other than the parties hereto. Nothing contained in this Consent Judgment shall be construed to deprive any Arizona consumer or other person or entity, of any private right otherwise available under the law.

**COUNTERPARTS**

29. This Consent Judgment may be signed in one or more counterparts, each of which shall be deemed an original. Facsimile or electronic copies of this Consent Judgment and the signatures hereto may be used with the same force and effect as an original.

**AMENDMENT**

30. This Consent Judgment may be amended solely by written agreement signed by the Attorney General and Home Loan Center and approved by this Court.

**SERVICE OF NOTICES AND PROCESS**

31. Service of notices and process required or permitted by this Consent Judgment or its enforcement shall be in writing and delivered or served (as appropriate) on the following persons, or any person subsequently designated by the parties, by notice in compliance with this provision:

**For the Attorney General:**

Carolyn R. Matthews  
Office of the Attorney General  
1275 West Washington  
Phoenix, Arizona 85007

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**For Home Loan Center:**

Ken Block, Esq.  
Vice President of Compliance & General Counsel  
Home Loan Center, Inc.  
163 Technology Drive  
Irvine, California 92618

DATED: \_\_\_\_\_.

\_\_\_\_\_  
Judge, Maricopa County Superior Court

1 CONSENT TO JUDGMENT

2 1. Home Loan Center, Inc. acknowledges that it has fully read and understands the  
3 foregoing Consent Judgment, understands the legal consequences involved in signing it,  
4 asserts that this is the entire agreement of the parties and that there are no other  
5 representations or agreements not stated in writing herein, and consents to entry of the  
6 foregoing Consent Judgment.

7 2. Home Loan Center, Inc. states that, except as expressly provided herein, no  
8 promise of any kind or nature whatsoever was made to Home Loan Center, Inc. to induce it to  
9 enter into the Consent Judgment, and that it enters into the Consent Judgment voluntarily and  
10 not as the result of fraud, undue influence, duress, or any other known cause to set aside this  
11 Consent Judgment.

12 3. Home Loan Center, Inc. acknowledges that the Attorney General's acceptance  
13 of this Consent Judgment is solely for the purpose of settling this litigation and, except as  
14 expressly provided therein, does not preclude the Attorney General, or any other agency or  
15 officer of this State, or subdivision thereof, from instituting other civil or criminal  
16 proceedings, except for proceedings related to the subject matter of this Consent Judgment  
17 unless permitted by Paragraph 19 of this Consent Judgment, that may be appropriate now or  
18 in the future.

19 4. Home Loan Center, Inc. represents and warrants that the person signing below  
20 on its behalf is duly appointed and authorized to do so.

21 DATED 29 day of October, 2010.

22 HOME LOAN CENTER, INC.

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25 By *David Norris*  
26 Its *President*

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**APPROVED AS TO FORM AND CONTENT**

Date: 10/29/10

TERRY GODDARD  
Attorney General  
Carolyn Matthews  
Susan Plimpton Segal  
Public Advocacy Division Chief Counsel  
  
Carolyn R. Matthews  
Assistant Attorney General

Date: 10/29/10

BUCKLEYSANDLER LLP  
Kirk D. Jensen  
Kirk D. Jensen  
Attorney for Home Loan Center, Inc.