

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

IN THE MATTER OF:)
)
) No. 2010-MBR-102
FLAGSHIP FINANCIAL GROUP, LLC)
License No. MB.6760204)
3130 West Maple Loop Drive)
Lehi, Utah 84043)

SETTLEMENT AGREEMENT

The Department of Financial and Professional Regulation, Division of Banking, of the State of Illinois (the "Department") and Flagship Financial Group, LLC ("Flagship Financial") hereby enter into this Settlement Agreement (the "Settlement") and stipulate, and agree to the following:

STIPULATIONS AND ADMISSIONS

The Department and Flagship Financial, or hereinafter the parties, stipulate that the Department conducted a regular examination of Flagship Financial for the exam period December 1, 2006 through August 31, 2009 (the "Examination Period") resulting in issuance of a Report of Examination (the "ROE"). The parties further stipulate that the ROE contained a finding that Flagship Financial had employed loan originators during the exam period that originated Illinois residential mortgage loans without being registered or properly sponsored (the "Loan Originator Finding"). The parties further stipulate that the only matter before the parties is the Loan Originator Finding and that there were otherwise limited findings in the ROE and not requiring further supervisory action by the Department. Thereafter, the parties entered into negotiations for settlement of the Loan Originator Finding, and that Flagship Financial produced documentation of partial compliance resulting in reduction in the number of unregistered or improperly sponsored loan originators and number of loans originated originally cited by

the Department. The parties now agree to the revised loan originator finding (the "Revised Loan Originator Finding") as follows: 21 unregistered loan originators originated 39 Illinois residential mortgage loans. The parties further stipulate that the Loan Originator Finding and Revised Loan Originator Finding occurred prior to Flagship Financial implementing a new software system and quality controls over loan originator registration in the State of Illinois. The parties stipulate that this Settlement is predicated upon Flagship Financial now having quality controls in place to manage loan originator registration in the State of Illinois and Flagship Financial's record of compliance with the Residential Mortgage License Act of 1987 (the "Act") [205 ILCS 635] and the rules promulgated thereunder (the "Rules") [38 Ill. Adm. Code 1050]. Finally, the parties stipulate that there was no admission of liability or fault on the part of Flagship Financial.

TERMS AND CONDITIONS

WHEREFORE, the Department and Flagship Financial agree as follows:

- I. The Department issues a fine of twenty-five thousand dollars (\$25,000) to Flagship Financial for (a) the Revised Loan Originator Finding; and (b) any other instances of loan origination activity by unregistered or improperly sponsored loan originators employed by Flagship Financial which may have occurred at any time from the beginning of the Examination Period up to and including September 15, 2010. Flagship Financial agrees to pay said fine to the Department by cashier's check or money order within thirty (30) days of the effective date of this Settlement.

- II. Flagship Financial agrees to maintain its corrective actions and compliance with requirements for loan originator registration and mortgage loan originator licensing in the State of Illinois, including sending a notice to all loan originators reminding them of Illinois' licensing obligations and reaffirming that the company will not tolerate instances of noncompliance.

- III. Flagship Financial agrees to not file any petition for hearing and administrative review, or judicial review, of this Settlement. Flagship Financial acknowledges that it has been represented by its legal counsel in negotiating this Settlement, and that it willingly enters into this Settlement after full review, evaluation, and consideration and with full knowledge of its rights under the Act, and Illinois Administrative Procedure Act.
- IV. The Department enters into the Settlement for the purpose of imposing measures that are fair and equitable in the circumstances and that are consistent with the best interests of the people of the State of Illinois.
- V. The Settlement shall become effective upon all the parties hereinafter designated signing and dating the Settlement and on the date that the last of those designated for the Department sign and date the Settlement.

The foregoing Settlement Agreement is approved in full.

_____ date: _____
Authorized Representative for Flagship Financial Group, LLC

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
BRENT E. ADAMS, SECRETARY
DIVISION OF BANKING

_____ date: **SEPTEMBER 27, 2010**
JORGE A. SOLIS, DIRECTOR