

## CONSENT ORDER

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IN THE MATTER OF:                   \*  
MLD MORTGAGE, INC. DBA           \*  
THE MONEY STORE, AND           \*  
MORTGAGE LENDING DIRECT       \*  
NMLS # 1019                       \*  
("MLD")                           \*

\*\*\*\*\*

WHEREAS, MLD Mortgage, Inc. (hereinafter "MLD"), d/b/a The Money Store, and d/b/a Mortgage Lending Direct, was incorporated August 18, 2000 in the State of New Jersey and is licensed as a mortgage broker or lender under the laws of the various state mortgage regulators;

WHEREAS, MLD maintains its corporate headquarters at 30 B Vreeland Road, Florham Park, New Jersey, which is its principal place of business;

WHEREAS, the Alabama State Banking Department; the Arizona Department of Financial Institutions; the Connecticut Department of Banking; the Georgia Department of Banking and Finance; the Massachusetts Division of Banks; the Nevada Division of Mortgage Lending; the New Jersey Department of Banking and Insurance; the North Carolina Office of the Commissioner of Banks; the Ohio Department of Financial Institutions; the Oklahoma Department of Consumer Credit; the Oregon Division of Financial Regulation; and the South Carolina Board of Financial Institutions (hereinafter referred to as the "State Mortgage Regulators") are members of the Conference of State Bank Supervisors ("CSBS") and have agreed to address enforcement concerns with MLD in a coordinated manner, working through its Multi-State Mortgage Committee in the interest of economy of time and resources for its members and MLD;

WHEREAS, the States of Alabama, Arizona, Connecticut, Georgia, Massachusetts, Nevada, New Jersey, North Carolina, Ohio, Oklahoma, Oregon, and South Carolina (hereinafter referred to as "the Participating States") have agreed, through their respective regulatory agencies, to negotiate and enter into this Settlement Agreement and Order (hereinafter the "Agreement");

WHEREAS, MLD has represented to the State Mortgage Regulators that it has implemented corrective action to address findings of the Multi-State Examination;

WHEREAS, on October 26, 2015, the State Mortgage Regulators commenced a Multi-State Examination of MLD, covering the period of September 1, 2013 to August 31, 2015, the scope of which was to evaluate MLD for compliance with federal and state lending laws, financial adequacy, and effectiveness and efficiency of operations;

WHEREAS, the State Mortgage Regulators conducted that Multi-State Examination pursuant to

their respective statutory authorities, and according to the protocols established by the CSBS/ AARMR Nationwide Cooperative Protocol for Mortgage Supervision and the Nationwide Cooperative Agreement for Mortgage Supervision dated January 15, 2008;

**WHEREAS**, a Report of the Multi-State Examination ("Examination") was subsequently issued on September 13, 2016;

**WHEREAS** the Examination disclosed that MLD's former staff personnel engaged or assisted persons acting as loan originators, mortgage loan originators, or mortgage agents, for whom a loan originator, mortgage loan originator, or mortgage agent license is required, respectively, without being licensed as required by the Participating States of Alabama, Connecticut, Georgia, Massachusetts, Nevada, New Jersey, North Carolina, Ohio, Oklahoma, and Oregon;

**WHEREAS** the Examination disclosed that MLD brokered two (2) reverse mortgage loans without the separate approval required by the Participating State of Massachusetts to originate reverse mortgage loans;

**WHEREAS** the Examination disclosed that MLD's former staff assisted persons in the conduct of business as mortgage loan originators without valid licenses, as required by the Participating States of Alabama, Connecticut, Georgia, Massachusetts, Nevada, New Jersey, North Carolina, Ohio, Oklahoma, and Oregon;

**WHEREAS** the Examination disclosed that MLD engaged in the business of making residential mortgage loans from a branch office that was not licensed by the Participating States of Nevada, and North Carolina;

**WHEREAS** the Examination disclosed that MLD was not in good standing while being registered to do business as required by the Participating State of Arizona;

**WHEREAS** the Examination disclosed that MLD hired ten (10) employees without conducting the minimum elements of employee investigation as required by the Participating State of Arizona;

**WHEREAS** the Examination disclosed that MLD failed to comply with the attorney/insurance preference requirement as required by the state statute of the Participating State of South Carolina;

**WHEREAS** the Examination disclosed that some of MLD's former internal operations staff altered loan file documents by placing the electronic signature of a particular licensed loan originator responsible for the loan file without considering its impact upon any consumer, thus engaging in unfair or deceptive practices, in violation of the statutes or regulations of one or more Participating States;

**WHEREAS**, the Examination disclosed that MLD lacked proper supervision over its employees, fostering a company culture in which the foregoing conduct transpired;

**WHEREAS**, in connection with the matters alleged above, over an extended period of time, MLD responded thoroughly to the Participating States' request for information and documentation and has assured the Participating States that it is committed to ensuring full compliance with all applicable Participating States and federal financial consumer protection laws and regulations, including that as a result of the Examination, MLD is working towards enhancing its compliance policies and procedures;

**WHEREAS**, initiation of such enforcement proceedings would constitute a "contested case" within the meaning of one or more Participating States statutes;

**WHEREAS**, one or more of the Participating States statutes provide that a contested case may be resolved by consent order, unless precluded by law;

**WHEREAS**, both the Participating States and MLD acknowledge the possible consequences of formal administrative proceedings, and MLD, without admitting any of the allegations set forth herein, voluntarily agrees to consent to the entry of the sanctions imposed below for the purpose of obviating the need for formal administrative proceedings concerning the allegations set forth herein;

**WHEREAS**, the Participating States and MLD desire to resolve the matters set forth herein;

**WHEREAS**, the Participating States and MLD acknowledge that while nothing in this Consent Order constitutes a "finding" for any purpose, MLD acknowledges that this Consent Order is a public record and is a reportable event under the statutes and regulations of the Participating States and for purposes of the regulatory disclosure questions on Nationwide Mortgage Licensing System ("NMLS"), as applicable;

**WHEREAS**, MLD specifically assures the Participating States that the violations alleged herein shall not occur in the future;

**WHEREAS**, MLD agrees to fully cooperate in any other future examination, investigation, or enforcement action by the Participating States involving persons not a party to this Consent Order, including providing testimony at any administrative or other legal proceeding;

**AND WHEREAS**, MLD through its execution of this Consent Order, voluntarily agrees to waive its procedural rights, including a right to a notice, an opportunity for a hearing, and all rights for appeal that MLD may have as it pertains to the allegations set forth herein, and voluntarily waives its right to seek judicial review, appeal or otherwise challenge or contest the validity of this Consent Order; and

#### **CONSENT TO ENTRY OF SANCTIONS**

**WHEREAS**, MLD, through its execution of this Consent Order, consents to the Participating States' entry of this Consent Order imposing the following sanctions:

1. No later than the date MLD executes this Consent Order agreeing to a Civil Penalty totaling seven hundred twenty thousand dollars (\$720,000.00), MLD shall remit to the Participating States the first settlement payment of \$80,000, in accordance with a schedule of payment dates, amounts and routing numbers for each participating state (the "Schedule") that will be provided to MLD no later than

immediately upon MLD's notice to the Participating States that it has signed the Consent Order. The remaining payments shall be made in accordance with the Schedule, as appropriately revised, on the following dates and in the following amounts:

- a. Due on April 30, 2018, MLD shall remit the second payment of \$80,000 to the Participating States.
  - b. Due on October 31, 2018, MLD shall remit the third payment of \$140,000 to the Participating States.
  - c. Due on April 30, 2019, MLD shall remit the fourth payment of \$140,000 to the Participating States.
  - d. Due on October 30, 2019, MLD shall remit the fifth payment of \$140,000 to the Participating States.
  - e. Due on January 31, 2020, MLD shall remit the sixth payment of \$140,000 to the Participating States.
2. MLD shall not engage the services of persons acting as a loan originator, mortgage loan originator, mortgage broker, or mortgage agent who are not licensed in violation of the Participating States statutes of Alabama, Connecticut, Georgia, Massachusetts, Nevada, New Jersey, North Carolina, Ohio, Oklahoma, and Oregon;
  3. MLD shall not engage in mortgage broker origination without being licensed, in violation of one or more Participating States statutes;
  4. MLD shall not engage in reverse mortgage loan origination without the reverse mortgage program being licensed as required by one or more Participating States statutes;
  5. MLD shall not assist persons in the conduct of business as a mortgage loan originator without a valid license, in violation of one or more of the Participating States statutes;
  6. MLD shall not engage in being registered to do business without maintaining good standing status, in violation of one or more Participating States statutes;
  7. MLD shall not engage in the hiring of personnel without conducting the minimum elements of employee investigation, in violation of one or more Participating States statutes;
  8. MLD shall not fail to comply with the attorney/insurance preference requirement, in violation of one or more Participating States statutes;
  9. MLD shall not engage in the business of making residential mortgage loans in one or more of the

Participating States from any branch office that is not licensed, in violation of one or more of the Participating States statutes;

10. MLD shall not engage in unfair or deceptive practices in violation of the statutes and regulations of any Participating States
11. No later than five (5) days after this Consent Order is issued by the Participating States, MLD shall distribute a copy of this Consent Order to each of its officers and employees and shall provide proof of such distribution to the Participating States no later than fifteen (15) days after this Consent Order is issued;
12. No later than fifteen (15) days after this Consent Order is issued by the Participating States, MLD shall create a "zero tolerance" policy forbidding alteration or changes to documents signed by mortgage applicants, which policy MLD shall submit to the Participating States for review. Within five (5) days of approval by the Participating States, MLD shall distribute the policy to all its officers and employees and provide proof of such distribution to the Participating States;
13. No later than sixty (60) days after this Consent Order is issued by the Participating States, MLD shall submit to the Participating States for review and determination of non-objection a comprehensive compliance plan designed to ensure that operations will comply with all applicable Participating States and federal financial consumer protection laws and regulations and the terms of this Consent Order ("Compliance Plan"). The Compliance Plan shall include, at a minimum:
  - (a) detailed steps for addressing each action required by MLD in this Consent Order;
  - (b) policies and procedures to ensure that the "zero tolerance" policy created in paragraph 12, above, is strictly adhered to, including, but not limited to, policies to report any violations to the Chief Enterprise Risk Officer (CERO) (as defined in paragraph 16, below) and policies to ensure that MLD's Human Resources' response to any violation is appropriate;
  - (c) the development and implementation of a Whistle Blower Policy encouraging the reporting of compliance violations safeguarding the rights of those persons, including, but not limited to, MLD employees or clients, who report such violations;
  - (d) a program establishing annual, mandatory business ethics education for all MLD employees above and beyond what is required by mortgage loan originator licensure requirements;
  - (e) an Internal Audit (IA) Program, which itself must include:
    - i. the designation of a current or new MLD employee as MLD's internal auditor, who oversees the Internal Audit Program;
    - ii. an evaluation of the effectiveness of MLD (1) risk management policies and procedures and (2) governance processes;

- iii. a detailed schedule that ensures that all areas of MLD operations are routinely internally audited;
  - iv. a reporting structure which directs the internal auditor's findings directly to MLD ownership and Board of Directors;
  - v. a formal process for MLD ownership and Board of Directors to inform senior management of audit findings;
  - vi. a formal process for senior management to evaluate audit findings; and
  - vii. a formal process to resolve any internal audit findings, including processes to effectuate any required changes.
- (f) a Risk Management Program, which must:
- i. identify risk at all levels of MLD operations;
  - ii. measure identified risks as to their potential effects;
  - iii. establish procedures to monitor those risks; and
  - iv. establish procedures to control those risks.
- (g) specific timeframes and deadlines for implementation of the steps described in subparagraphs (b) through (f), inclusive, of this paragraph.
14. The Participating States shall have the discretion to make a determination of non-objection to the Compliance Plan as set forth in paragraph 13 above or direct MLD to make revisions thereto. If the Participating States directs MLD to revise the Compliance Plan, MLD shall make the revisions and resubmit the Compliance Plan to the Participating States within thirty (30) days of such direction;
15. After receiving notification that the Participating States has made a determination of non-objection to the Compliance Plan, MLD must implement and adhere to the steps, recommendations, deadlines, and timeframes outlined in the Compliance Plan;
16. The CERO shall report directly and only to MLD Board of Directors. The CERO shall have the authority, responsibilities, and duties commonly understood for the position of a chief compliance officer and risk management officer for a mortgage lender company having the size and scope of business of that of MLD. The CERO shall have the requisite background, experience, and skill set necessary to fulfill the duties of a chief enterprise risk officer for a mortgage lender company having the size and scope of business similar to MLD. The Participating States shall have the discretion to make a determination of non-objection to MLD proposed CERO before MLD hires such future or to the existing candidate. If the Participating States directs MLD to propose an alternative CERO, MLD

shall find and present such a candidate to the Participating States within sixty (60) days from exercise of the Participating States' discretion.

- (a) If the Participating States approves MLD candidate for a CERO but that candidate ceases to serve as CERO within the first three (3) years of the CERO's employment, MLD will provide advance notice to the Participating States that it intends to hire a new CERO. The procedures for MLD proposing a replacement CERO within the first three (3) years of hiring the initial CERO shall be as set forth in subparagraph (a), above; and
  - (b) If at any time within the first three (3) years after a CERO is first hired the CERO position remains vacant for a period of one hundred twenty (120) days, the Participating States may take administrative action against MLD, including, without limitation, proceedings to revoke or refuse to renew MLD mortgage lender license pursuant one or more of the Participating States statutes.
17. In addition to designating or hiring an internal auditor in accordance with the Compliance Plan set forth above in paragraph 13 and hiring a CERO as set forth in paragraph 15 above, MLD shall, for a period of two (2) years, also retain the services of an external, independent audit and compliance company (Auditor) who shall review and assess a random sample of loans closed and funded by MLD in the Participating States loans each quarter. The MMC Supplement on Statistical Loan Sampling shall serve as the guide for the number of loans reviewed by the independent audit and compliance company for each quarterly review. The total number of loans in the universe as referenced in the MMC Supplement shall be the total number of loans closed by MLD each quarter in the participating states. As part of the random sample a minimum of one (1) loan must be reviewed for each participating state during each quarter. The MMC Supplement on Statistical Loan Sampling Appendix is detailed below in this consent order. The audit must assess MLD compliance with the Participating States statutes, the Real Estate Settlement Procedures Act, codified at 12 U.S.C. § 2601 *et seq.*, the Truth in Lending Act, codified at 15 U.S.C. § 1601 *et seq.*, the Secure and Fair Enforcement for Mortgage Licensing Act of 2008, codified at 12 U.S.C. § 5101 *et seq.*, and the terms of this Consent Order. Such auditor's findings shall be reported to the Participating States and MLD in writing on or before the forty-fifth (45th) day after the end of each calendar quarter following the date this Consent Order is issued by the Participating States. No later than five (5) days after retaining such an external auditor or forty-five (45) days after this Consent Order is issued by the Participating States, whichever is lesser, MLD shall forward for approval consideration to the Participating States the engagement letter or contract between the external auditor and MLD. After no less than four (4) of the quarterly reports required by this paragraph have been submitted to the Participating States, as required by paragraph 17, below, MLD may request that the requirements for the remaining four (4) quarterly reports be reduced or otherwise amended by submitting a written application to the Participating States setting forth the basis of the request. The Participating States shall review the request and in his sole discretion may grant, deny, or condition the relief sought.

The Auditor's testing methodology shall be set forth in a plan ("Audit Plan") agreed to by MLD and the Auditor. The Audit Plan will be submitted to the Participating States for approval within thirty (30) days of the Auditor's engagement.

If the Auditor identifies errors resulting in borrower financial harm as defined in the Audit Plan, the Auditor will confirm that MLD's corrective action plans and remediation efforts are sufficient. MLD will provide the Participating States with documentation of any corrective actions to address any unremediated errors. If the Auditor identifies a unremediated Error, MLD shall submit within 10 days of receipt of the Auditor's report a corrective action plan to be approved by the Participating States that will remediate the Error, and remediate any other similarly impacted borrowers, including the provision of restitution to fully correct financial harm, and prevent the Error from recurring. Each quarterly report shall be provided simultaneously to MLD and the participating states. MLD shall have the right to submit written comments to the Auditor, which shall be appended to the quarterly reports.

In the event the Auditor determines that in excess of 5% of identified Errors resulting in borrower financial harm were unremediated or unidentified during any quarter ("Error Threshold"), the Auditor shall review 100% of the loans closed during the quarter.

18. On or before the fiftieth (50th) day after the end of the 1<sup>st</sup> calendar quarter of 2018, and on or before the fiftieth (50<sup>th</sup>) day after the end of the seven (7) quarters thereafter, MLD shall furnish written progress reports to the Participating States, which shall address and include, at minimum, the following:
  - (a) description of the form, content, and manner of any actions taken to address each paragraph of this Consent Order and the results thereof;
  - (b) any reports or findings prepared by the independent auditor required to be retained by MLD by operation of paragraph 17, above, and MLD anticipated response and action, with anticipated dates for doing so;
  - (c) detailed MLD organization chart shall be updated and posted to NMLS in a timely manner;
  - (d) written findings prepared by MLD detailing management's and staff members' adherence to the policies, programs, and procedures adopted pursuant to this Consent Order and to applicable Participating States and federal statutes, regulations, and rules, as well as a description of any operational changes implemented during such quarter which are intended to improve MLD compliance with those statutes, regulations, or rules.
19. At the end of the 1<sup>st</sup> calendar quarter of 2018, and continuing for the seven (7) calendar quarters thereafter, MLD shall require all employees with managerial or supervisory responsibilities to certify in writing to their direct managers or supervisors, up to and including MLD president, who shall report to MLD owners, that they are overseeing the activities of their subordinates, that those

activities comply with all applicable Participating States and federal financial consumer protection laws and regulations and the terms of this Consent Order to the best of their knowledge, and that they are not aware of any conduct that violates applicable Participating States or federal financial consumer protection laws and regulations or this Consent Order;

20. Except with the prior express written approval of the Participating States, MLD, for a period of three (3) years from the date this Consent Order is issued by the Participating States, shall not take any action which results in a change of its current chairman;
21. The provisions of this Consent Order shall remain effective and enforceable as specifically set forth herein, except to the extent that if no time period is established, until such time as the Participating States modifies, terminates, suspends, or sets aside any provision of this Consent Order in writing;
22. That, notwithstanding any other relief to the contrary, if MLD fails to comply with the terms and conditions of this Agreement, the Participating States may pursue any action allowed by law concerning the conduct and compliance violations stated in the Report of Examination, such action including, but not limited to, suspension or revocation of a license issued by the Participating States to MLD, imposition of a civil money penalty against MLD, or any other remedy allowed by law. The Parties agree that the failure of MLD to comply with any term or condition of this Order with respect to a particular State shall be treated as a violation of an Order of the State and may be enforced as such;
23. The participating states recommend that MLD establish an independent Board of Directors with an audit committee;
24. MLD's Board Audit Committee shall include an independent Director with substantial knowledge of accounting and internal audit processes and procedures;
25. MLD shall provide the Participating States with a policy for the recruitment of Chief Executive Officer ("CEO")/Chief Operating Officer ("COO");
26. MLD shall ensure Compliance Management Program address MMC MLD Report of Examination ("ROE") supervisory concerns;
27. MLD shall ensure Internal Audit Program address MMC MLD ROE supervisory concerns;
28. MLD shall continue to ensure CERO and IA independent from Management and reporting to Board of Directors;
29. MLD shall ensure Risk Management Program address MMC MLD ROE supervisory concerns;
30. MLD shall evaluate technology needs for origination and servicing and establish a program to meet those needs;

31. MLD shall ensure each employee who is an MLO submits all required information to the NMLS;
32. MLD shall submit required categories of company information to the NMLS, specifically including regulatory actions, updates and required company information as required by the Act and related rules;
33. MLD shall submit required categories of individual information to the NMLS, specifically including MLO information, updates and required company information as required by the Act and related rules;
34. MLD shall confirm that each employee who acts as an MLO for MLD is properly registered with the NMLS and such MLO's sponsorship has been accepted by the each state before permitting the MLO to conduct business on MLDs behalf;
35. MLD shall confirm that each branch from which Participating States business will be conducted is properly licensed before any Participating States business is conducted;
36. MLD shall ensure the MLO names and NMLS numbers appearing on loan documents accurately disclose the actual MLO originating the loan;
37. MLD shall ensure the MLO names and NMLS numbers represented on Mortgage Call Reports accurately represents the actual MLO who originated the loan;
38. On such request by MLD, the Participating States will consider accepting, as partial or full satisfaction, proof of such corrective actions and such reports as are required under the April 2016 Consent Order MLD entered into with the Washington State Department of Financial Services;
39. Participating States request that MLD provide such corrective actions reports as are required under the April 2016 Consent Order MLD entered into with the Washington State Department of Financial Services.

#### **CONSENT ORDER**

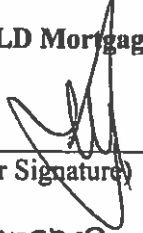
**NOW, THEREFORE,** the Participating States enter the following Consent Order terms:

1. The sanctions set forth above shall be and hereby are entered.
2. Upon issuance of this Consent Order by the Participating States, this matter will be resolved and the Participating States will not take any future enforcement action against MLD based upon the allegations contained herein; provided that issuance of this Consent Order is without prejudice to the right of the Participating States to take enforcement action against MLD based upon a violation of this Consent Order or the matters underlying its entry, if the Participating States determines that compliance with the terms herein is not being observed or if any representation made by MLD and

reflected herein is subsequently discovered to be untrue. Nothing in this Consent Order shall be construed as limiting the Participating States' ability to take action against MLD based upon: (a) evidence of which the Participating States was unaware on the date hereof relating to a violation of the Participating States statutes or (b) evidence indicating that MLD withheld information from, or made misstatements or omissions to, the Participating States in connection with this matter.

3. No part of this agreement impacts the discretion of the Participating States in determining whether to issue the relevant license to MLD, provided however, that any such complete license application shall not be denied as a result of any of the issues resolved by this Consent Order or because MLD entered into this Consent Order or agreed to the issuance of this Consent Order.
4. The provisions of this Consent Order shall not limit, estop, or otherwise prevent any other state agency or department, from taking any other action affecting MLD.
5. MLD agrees that, in the event that the it fails to submit the payments set forth in this Consent Order in the amounts specified herein and in accordance with the applicable deadlines, the State Mortgage Regulators shall be authorized to submit a claim for such amounts against the mortgage lender and/or mortgage broker surety bonds maintained by MLD pursuant to each Participating State's laws and regulations
6. This Consent Order shall become effective immediately upon the date of its issuance.
7. This Consent Order and the Consent Agreement are the complete documents representing the resolution of this matter. There are no other agreements, promises, representations, or warranties other than those set forth in this Consent Order.
8. MLD shall comply with all state laws going forward.
9. MLD shall address all outstanding report of examination matters, including all corrective actions described in the ROE that are not specifically addressed by this Consent Order
10. MLD shall make all consumer refunds as directed by the Participating State within fourteen (14) days of the signing of the Consent Order, or sooner as required by the Participating State.

For MLD Mortgage, Inc.

  
(Officer Signature)

Lawrence Dear  
(Print Officer Name)

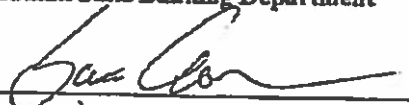
President  
(Title)

Date: 1/26/2018

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**Participating States:**

**Alabama State Banking Department**

  
(Signature)

Scott Corscadden  
(Print Name)

Supervisor, Bureau of Loans  
(Title)

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Arizona Department of Financial Institutions

Robert D. Charlton  
(Signature)

Robert D. Charlton  
(Print Name)

Superintendent  
(Title)

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Connecticut Department of Banking

Jorge L. Perez  
(Signature)

Jorge L. Perez  
(Print Name)

Commissioner  
(Title)

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Georgia Department of Banking and Finance

  
(Signature)

Kevin Hagler  
(Print Name)

Commissioner  
(Title)

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Massachusetts Division of Banks

Terence A. McGinnis  
(Signature)

TERENCE A. MCGINNIS  
(Print Name)

COMMISSIONER OF BANKS  
(Title)

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Nevada Division of Mortgage Lending

Cathy Sheehy  
(Signature)

Cathy Sheehy  
(Print Name)

Commissioner  
(Title)

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**NEW JERSEY DEPARTMENT OF  
BANKING & INSURANCE:**



By: \_\_\_\_\_

**THOMAS M. HUNT**  
Assistant Division Director  
New Jersey Department of Banking &  
Insurance  
Division of Banking, Office of Consumer Finance  
20 West State Street – 5th Floor  
P.O. Box 040  
Trenton, New Jersey 08625-0040  
Tel.: 609-292-7659 ext. 50223  
Fax: 609-292-3144

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North Carolina Office of the Commissioner of Banks

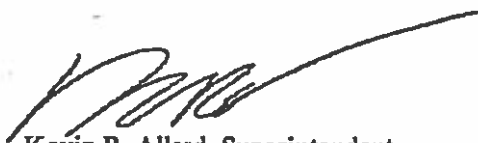
Stephanie Ryals  
(Signature)

Stephanie Ryals  
(Print Name)

Deputy Commissioner of Banks  
(Title)

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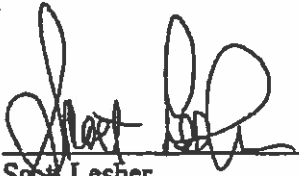
**Ohio Department of Financial Institutions**

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**Kevin R. Allard, Superintendent  
Ohio Division of Financial Institutions**

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**Oklahoma Department of Consumer Credit**

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**Scott Leshner  
Administrator of Consumer Credit  
State of Oklahoma**

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Oregon Division of Financial Regulation



(Signature)

David Tatman

(Print Name)

Chief of Enforcement

(Title)

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South Carolina Board of Financial Institutions



(Signature)



(Print Name)



(Title)

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## **Appendix – MMC Supplement on Statistical Loan Sampling**

**Definition:** A method of selecting a portion of a population, by means of mathematical calculations and probabilities, for the purpose of making scientifically and mathematically sound inferences regarding the characteristics of the entire population.

The EIC first ascertains the institution's total loan population from which to select samples. Next, the EIC sorts the total population by lien position such as (1) First Lien Real Estate Mortgages; (2) Junior Lien (Second, third lien, etc.) Real Estate Mortgages.

To maintain statistical validity, each item in the population should have an equal chance of being selected for the sample. The MMC uses the following chart to determine the total number of sample loans to select from any given population.

TOTAL UNIVERSE TABLE			
Number in Universe	Minimum	Plus:	Maximum <sup>1</sup>
Under 99	20	Total universe if smaller	20
100-299	20	10% of number above 100	40
300-499	40	7% of number above 300	54
500-749	54	6% of number above 500	69
750-999	69	5% of number above 750	82
1000-1999	82	4% of number above 1000	122
2000-2999	122	3% of number above 2000	152
3000-4999	152	2% of number above 3000	192
5000-9999	192	1.5% of number above 5000	267
10000 or more	267	1% of number above 10000	