

## SETTLEMENT AGREEMENT AND CONSENT ORDER

### WEST CAPITAL LENDING, INC.

**WHEREAS**, West Capital Lending, Inc. (“West Capital”), NMLS ID No. 1566096, is a corporation formed in California with headquarters located at 34 Executive Park, Suite 180, Irvine, California.

**WHEREAS**, the States of Hawaii, Oregon, Idaho, and Texas (individually, a “Participating State,” and collectively, the “Participating States”) have agreed, through their respective state regulatory agency having supervision over the mortgage loan origination activities of West Capital, to negotiate and enter into this Settlement Agreement and Consent Order (“Agreement”).

**WHEREAS**, West Capital is a mortgage loan origination company and a mortgage banker/broker subject to the supervision and licensure under the respective laws of each Participating State.

**WHEREAS**, the Participating States allege that in 2021 and 2022, West Capital engaged in unlicensed activity by allowing unlicensed mortgage loan originators (“MLOs”) to conduct origination activity. West Capital paid unlicensed MLOs commissions when the MLOs were not licensed to originate loans in the Participating States. The number of violations are as follows:

- Hawaii – 11 instances
- Idaho – 13 instances
- Oregon – 1 instance

**WHEREAS**, the Participating States allege that in 2021 and 2022, West Capital engaged in unlicensed activity by allowing unlicensed MLOs to pull consumer credit reports for the purpose of making a credit related decision. Participating States view this as origination activity as the unlicensed individuals were hired as MLOs to originate loans. The number of violations are as follows:

- Hawaii – 184 instances
- Idaho – 283 instances
- Oregon – 69 instances

**WHEREAS**, the Participating States allege that in 2021 and 2022, West Capital engaged in unlicensed activity by paying MLO commissions to either an unlicensed limited liability company or corporation managed or owned by the MLO rather than the individual MLO. Participating States view this as unlicensed activity because the MLO commissions were paid to an unlicensed entity. By paying

MLO commissions to a limited liability company or corporation that was not licensed as a mortgage banker/broker, and was managed or owned by the MLO, West Capital aided and abetted unlicensed mortgage banker/broker activity. The number of violations are as follows:

- Hawaii – 75 instances
- Idaho – 133 instances
- Oregon – 323 instances
- Texas – 44 instances

**WHEREAS**, the Participating States and West Capital (the “Parties”) acknowledge and agree that the Participating States have legal authority to initiate administrative or judicial proceedings based on the conduct alleged herein, but the Participating States have elected not to initiate separate actions and instead are addressing the alleged conduct of West Capital on a consolidated basis by executing this Agreement.

**WHEREAS**, West Capital enters into this Agreement solely for the purpose of resolving disputes with the Participating States concerning the conduct alleged herein. West Capital acknowledges that the Participating States have and maintain jurisdiction over the underlying dispute and have the authority to fully resolve the matter.

**WHEREAS**, West Capital acknowledges that the Participating States could determine that it violated laws of the Participating States, and without admitting liability, West Capital agrees not to contest the Participating States’ allegations. In so doing, West Capital voluntarily waives all its defenses to any action by any of the Participating States with respect to the allegations.

**WHEREAS**, West Capital hereby knowingly, willingly, voluntarily, and irrevocably consents to the execution of this Agreement and agrees that it understands all of the terms and conditions contained herein. West Capital acknowledges that it has full knowledge of its rights to notice and a hearing pursuant to the laws of the respective Participating States. By voluntarily entering into this Agreement, West Capital waives any right to notice and a hearing, and review of such hearing, and here waives all rights to any other judicial appeal concerning the terms, conditions, and related obligations set forth in this Agreement. West Capital further acknowledges that it has had an opportunity to consult with independent legal counsel in connection with its waiver of rights and with the negotiation and execution of this Agreement, and that West Capital has either consulted with independent legal counsel or has knowingly elected not to do so.

**WHEREAS**, West Capital represents that the individual signing on its behalf below is authorized to execute this Agreement and to legally bind West Capital.

**WHEREAS**, West Capital, hereby acknowledges that it has: 1) ceased unlicensed MLO origination activity and paying MLO commissions to unlicensed MLOs; 2) ceased the unlicensed MLO origination activity of allowing unlicensed MLOs to pull consumer credit reports; and 3) ceased the unlicensed origination activity and the aiding and abetting of mortgage banker/broker activity of paying MLO commissions to business entities instead of the individual MLO.

**NOW, THEREFORE**, this Agreement – incorporating the above recitals into the Agreement in their entirety - having been negotiated by the Parties in order to resolve the issues identified herein without incurring the costs, inconvenience and delays associated with protracted administrative and judicial proceedings, it is by the Participating States listed below hereby **ORDERED**:

### **I. JURISDICTION**

1. That pursuant to the licensing and supervision laws of the Participating States, the Participating States have jurisdiction over West Capital as described herein and may individually or in concert with one or more Participating States enforce the terms of this Agreement.

### **II. ADMINISTRATIVE PENALTIES AND FEES**

2. That the Participating States shall impose administrative penalties totaling \$464,417.50 against West Capital as described in Exhibit A attached to and is part of this Agreement. \$100,000.00 shall be due upon execution of the Agreement, as set forth in Exhibit A. The remaining \$364,417.50 will be in abeyance for a period of one year from the date this Agreement is fully executed by the Parties (“Abeyance Period”). During the Abeyance Period, the administrative penalties in abeyance shall accrue interest at the rate of 1% per month. If a Participating State finds that West Capital has failed to comply with all terms of the Agreement including failing to cease or continuing to 1) engage in unlicensed MLO origination activity and paying MLO commissions to unlicensed MLOs; 2) engage in the unlicensed MLO origination activity of allowing unlicensed MLOs to pull consumer credit reports; and/or 3) engage in the unlicensed origination activity and the aiding and abetting of mortgage banker/broker activity of paying MLO commissions to business entities instead of the individual MLO, in any Participating State, the administrative penalty in abeyance and remaining due to the Participating State, as set forth in Exhibit A, plus all interest accrued upon that sum, shall be

immediately due and payable directly to such Participating State. West Capital agrees to waive the right to notice and a hearing, and review of such hearing, and also herein waives all rights to any other judicial appeal concerning the terms, conditions, and related obligations set forth in this Agreement, upon receipt of notice from a Participating State of a violation of this Agreement and demand for payment of administrative penalties in abeyance, along with accrued interest.

3. That, if West Capital complies with the terms of this Agreement during the Abeyance Period, each Participating State will WAIVE the administrative penalties held in abeyance by the Participating State, plus all interest accrued upon that sum.

4. That West Capital shall pay administrative penalties by the means designated by each Participating State upon the Agreement being fully executed.

5. That West Capital shall pay administrative penalties no later than 30 days from when such administrative penalties become due and payable.

### **III. ENFORCEMENT**

6. *No Restriction on Existing Examination and Investigative Authority.* That this Agreement shall in no way preclude any Participating State from exercising its examination or investigative authority authorized under the respective laws of the Participating States in the instance of a question about whether West Capital is suspected of not adhering to the requirements of the Agreement or involving any unrelated matter not subject to the terms of this Agreement.

### **IV. GENERAL PROVISIONS**

7. *Effectiveness.* That this Agreement shall become effective upon execution by West Capital and all of the named Participating States.

8. *Standing and Choice of Law.* That each Participating State has standing to enforce this Agreement in judicial or administrative processes otherwise authorized under the laws and regulations of the corresponding Participating State. Upon entry, this Agreement shall be deemed a final order of the respective Participating States unless adoption of a subsequent order is necessary under the laws of the Participating States. In the event of any disagreement between any Participating States and West Capital regarding the enforceability or interpretation of this Agreement and compliance therewith, the courts or administrative agency authorized under the laws of the Participating State shall have exclusive jurisdiction over the dispute, and the laws of the Participating State shall govern the interpretation,

construction, and enforceability of this Agreement. Venue is where the Participating State's regulatory agency has its main office. Additionally, a Participating State may consider this Agreement and the facts set forth herein in connection with, and in deciding, any examination, action, or proceeding under the jurisdiction of that Participating State; and that this Agreement may be admitted into evidence in any matter before a Participating State.

9. *Adoption of Subsequent Orders to Incorporate Terms.* That a Participating State, if deemed necessary under the laws and regulations of the Participating State, may issue a separate administrative order to adopt and incorporate the terms and conditions of this Agreement. A Participating State may *sua sponte* issue such subsequent order without the review and approval of West Capital provided the subsequent order does not amend, alter, or otherwise change the terms of the Agreement. In the event a subsequent order amends, alters, or otherwise changes the terms of the Agreement, the terms of the Agreement as set forth herein will control. Such orders may include conditional licensing agreements where necessary as determined by a Participating State.

10. *Waiver of Hearing.* In the event that West Capital fails to comply with this Agreement, West Capital waives any right to notice and a hearing, and review of such hearing, and also herein waives all rights to any other judicial appeal concerning the terms, conditions, and related obligations set forth in this Agreement. West Capital acknowledges that it has full knowledge of its rights to notice and a hearing pursuant to the laws of the respective Participating States.

11. *No Presumption Against Drafter.* Each party acknowledges that they had the opportunity to draft, review, and edit the language of the Agreement. Accordingly, the Parties intend no presumption for or against the drafting party will apply in construing any part of the Agreement.

12. *Attorney's Fees and Costs.* That each party to this Agreement will bear its own costs and attorneys' fees associated with and incurred in the development and finalization of this Agreement.

13. *Compliance with Applicable Provisions of Law.* That nothing in this Agreement shall relieve West Capital of its obligation to comply with applicable state and federal law.

14. *Waiver.* That the waiver of any provision of this Agreement shall not operate to waive any other provision set forth herein, and any waiver, amendment and/or change to the terms of this Agreement must be in writing signed by the Parties.

15. *Notices.* That any notice to West Capital and the Participating States required or contemplated by this Agreement shall be delivered, if not otherwise described herein, by certified mail to West Capital at the following address, and to the Participating States by direct written notification;

West Capital Lending, Inc.  
34 Executive Park, Suite 180  
Irvine, California 92614

Should West Capital change its mailing address, West Capital shall notify the Participating States by certified mail within 30 days of the change.

16. *Entire Agreement.* That this Agreement in its entirety, including the language set forth in the recital paragraphs above that are incorporated herein, supersedes any prior oral or written discussion or agreement, and constitutes the entire agreement between the Parties relating to the subject matter herein.

17. *Counterparts.* That this Agreement may be executed in separate counterparts, by facsimile or PDF. A Copy of the signed Agreement will be given the same effect as the originally signed Agreement.


18. *Compliance with State and Federal Law.* That nothing in this Agreement shall relieve West Capital of its obligation to comply with applicable State and Federal law.

It is so **ORDERED**.

**IN WITNESS WHEREOF**, in consideration of the foregoing, including the recital paragraphs, and with the Parties intending to be legally bound do hereby execute this Agreement.

WEST CAPITAL LENDING, INC.

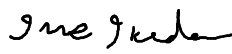
By: \_\_\_\_\_

  
Name: *Eric Hines*  
Title: *Co-Founder*

Date: *5/19/2023*

STATE OF HAWAII  
DEPARTMENT OF COMMERCE & CONSUMER AFFAIRS  
DIVISION OF FINANCIAL INSTITUTIONS

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

  
Name: Iris Ikeda  
Title: Commissioner

Date: May 22, 2023


STATE OF IDAHO  
DEPARTMENT OF FINANCE

By: *Patricia R Perkins* Date: May 22, 2023  
Name: Patricia R. Perkins  
Title: Director

STATE OF OREGON  
DIVISION OF FINANCIAL REGULATION

By: *Dorothy Bean* Date: May 22, 2023  
Name: Dorothy Bean  
Title: Chief of Enforcement

STATE OF TEXAS  
DEPARTMENT OF SAVINGS AND MORTGAGE LENDING

By:  Date: May 24, 2023  
Name: Hector Retta  
Title: Commissioner

Appendix A

	HI	OR	ID	TX	Total Violations
Paying MLO commissions to unlicensed MLOs	11	1	13	0	25
Paying MLO commissions to business entities	75	323	133	44	575
Unlicensed MLOs pulling consumer credit reports	184	69	283	43	600
Total Instances of Violations	270	393	429	87	1179
State Violations % of Total Violations	22.90%	33.33%	36.39%	7.38%	

	HI	OR	ID	TX	Total Fines
Administrative Fine per State	\$71,717.50	\$167,500.00	\$146,000.00	\$79,200.00	\$464,417.50
Amount Stayed	\$56,275.04	\$131,433.31	\$114,562.77	\$62,146.38	\$364,417.50
% of Total Fines	15.44%	36.07%	31.44%	17.05%	
State Pro Rata Share of Fine	\$15,442.46	\$36,066.69	\$31,437.23	\$17,053.62	\$100,000.00

Amount Stayed

Amount Collected