

Stipulated Final Judgment and Order (“Order”) by this Court, without trial or adjudication of any issue of fact or law to settle and resolve all matters of dispute arising from the conduct alleged in the Complaint. Defendants do not admit liability for any of the matters alleged in the Complaint. Plaintiff and defendants waive all rights to seek judicial review or otherwise challenge or contest the validity of this Order, and defendants waive any right that may arise under the Equal Access to Justice Act, 28 U.S.C. § 2412. Defendants have waived service of the Summons and Complaint.

The parties having requested the Court to enter this Order, it is therefore ORDERED, ADJUDGED, AND DECREED as follows:

FINDINGS

1. This Court has jurisdiction over the subject matter and the parties.
2. The Complaint states a claim upon which relief may be granted against the defendants under Sections 5(a), 13(b), and 16(a) of the FTC Act, 15 U.

means any of the offices from which Gateway loan originators originate loans, including Gateway's headquarters office;

- c. "branch manager" means any Gateway loan originator with supervisory authority over any branch;
- d. "credit transaction" is synonymous in meaning and equal in scope to the definition of the term in § 202.2 of Regulation B, and means every aspect

- j. “mortgage loan” means any closed-end loan secured or to be secured by residential real property;
- k. “Regulation B” refers to Federal Reserve Board Regulation B, 12 C.F.R. § 202, as amended; and
- l. “wholesale lending” refers to mortgage loans funded by Gateway that are originated by brokers.

II. INJUNCTION

IT IS THEREFORE ORDERED that defendants, and each of them, their successors and assigns, and their officers, agents, servants, employees and attorneys, and all persons in active concert or participation with any one or more of them who receive actual notice of this Order by personal service or otherwise, directly or through any partnership, corporation, subsidiary, division or other device, are hereby permanently restrained and enjoined, in connection with Gateway’s direct or wholesale lending operations, from:

- A. Engaging in any act or practice that discriminates against an applicant on the basis of race or national origin regarding any aspect of a credit transaction, including by originating, approving, or funding mortgage loans for which African-American or Hispanic applicants pay higher prices than non-Hispanic white applicants that are not justified by the underwriting risk of the loans or the credit characteristics of the applicants; and
- B. Failing otherwise to comply with the ECOA, 15 U.S.C. § 1691-1691f, as amended, and Regulation B, 12 C.F.R. § 202, as amended.

III. FAIR LENDING MONITORING PROGRAM

IT IS FURTHER ORDERED THAT

approval

compared to non-Hispanic white applicants that are not justified by the underwriting risk or credit characteristics of the applicants in Gateway's:

1. Overall direct lending;
2. Overall wholesale lending;
3. Direct lending

- A. All aspects of the prohibition against discrimination in Section 701(a) of the ECOA, 15 U.S.C. § 1691(a), and Section 202.4 of Regulation B, 12 C.F.R. § 202.4;
- B. This Order, a copy of which shall be included in the written materials;
- C. The monitoring defendants will conduct pursuant to this Order to ensure that applicants are treated fairly with respect to the pricing of loans; and
- D. The array of remedial steps, including but not limited to those set forth in Section III.C of this Order, that may be taken if disparities are identified by the monitoring.

Within one hundred and eighty (180) days from the date of entry of this Order, all current branch managers and loan originators will receive the fair lending training. All branch managers and loan originators hired after the date of this Order shall receive fair lending training within forty-five (45) days of their start date.

V. DATA INTEGRITY

IT IS FURTHER ORDERED that defendants and their successors and assigns shall within ninety (90) days of the entry of this Order establish and implement, and for a period of three (3) years from the date of entry of this Order continuously operate and maintain, a comprehensive data integrity program that is designed to ensure the accuracy and completeness of the data and other information that Gateway collects regarding mortgage loan applicants, loan originator compensation, and mortgage loan pricing. The content and implementation of this program must be fully documented in writing, and defendants shall ensure that any data integrity problems are promptly and thoroughly corrected.

VI. CONSUMER REDRESS

IT IS FURTHER ORDERED that:

- A. Judgment is hereby entered jointly and severally against defendants and in favor

African-American or Hispanic applicant who obtained a mortgage loan through Gateway's direct lending business during the period January 1, 2004 through December 31, 2005; and

2. A sworn statement signed by a responsible Gateway official that the data constitutes true, accurate, and complete data of all such applicants in its files.

VII. RIGHT TO REOPEN

IT IS FURTHER ORDERED that:

A. The FTC's agreement to this Order, requiring that the judgment be suspended for less than the full amount of the judgment, is expressly premised upon the truthfulness, accuracy and completeness of each defendant's financial condition, as represented in each defendant's sworn financial statements, the supporting documents submitted to the Commission, and compliance with Section VI of this Order. The financial statements contain material information upon which the FTC relied in negotiating and agreeing to this Order. If, upon motion by the

lieu of, any other civil or criminal remedies as may be provided by law, including any other proceedings that the FTC may initiate to enforce this Order;

B. Each party shall bear its own costs and attorney's fees incurred in connection with this action; and

C. For the purpose of any subsequent proceedings to enforce payments required by this Order, including but not limited to, a non-dischargeability action filed in a bankruptcy proceeding, defendants waive any right to contest the allegations in the Complaint.

VIII. COMPLIANCE REPORTING

IT IS FURTHER ORDERED that defendants, and their successors and assigns, for the purpose of monitoring and investigating compliance with any provision of this Order:

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3. A copy of each acknowledgment of receipt of this Order, obtained pursuant to Section X of this Order;

B. Shall, for a period of three (3) years from the date of entry of this Order, notify the Commission of any changes in Gateway's or GFI's corporate structure that may affect compliance obligations arising under this Order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order; the filing of a bankruptcy petition; or a change in the corporate name or address, at least thirty (30) days prior to such change, *provided that*, with respect to any proposed change in the corporation about which the defendant learns less than thirty (30) days prior to the date such action is to take place, defendant shall notify the Commission as soon as is practicable after obtaining such knowledge; and

purposes of construction, modification and enforcement of this Order.

XIII. FINAL JUDGMENT AND ORDER

The parties, by their respective counsel, hereby consent to the terms and conditions of the Order as set forth above and consent to the entry thereof.

SO ORDERED.

Dated this day of , 2008.

UNITED STATES DISTRICT JUDGE

SO STIPULATED AND AGREED:

FOR THE PLAINTIFF FEDERAL TRADE COMMISSION

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