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STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF MORTGAGE LENDING

* * *

In re:
#1 Mortgage Source and Derek Parent,
individual,
Respondent.

FINAL ORDER

The State of Nevada, Department of Business and Industry, Division of Mortgage Lending Division (hereinafter, the "DIVISION"), having served the Respondent, #1 MORTGAGE SOURCE and DEREK PARENT, (hereinafter, "RESPONDENT") on June 27, 2007, with its ORDER DENYING MORTGAGE BROKER LICENSE & QUALIFIED EMPLOYEE DESIGNATION, attached hereto as Exhibit "1" and incorporated herein by reference, which notified RESPONDENT that a final order would issue in this matter unless, within twenty (20) days of entry and receipt of said Order, RESPONDENT requested a hearing to contest the charges against it, with said request to be made in writing, and;

Said Order having been presented to RESPONDENT in the Division offices, and received and signed for by RESPONDENT on June 27, 2007, and;

RESPONDENT having failed to request a hearing in this matter, and good cause appearing:

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1 NOW, THEREFORE, IT IS HEREBY ORDERED that, pursuant to NRS 645B.0247,
2 NRS 645B.055, and NRS 645B.020, RESPONDENTS applications for licensure as a Mortgage
3 Broker and Qualified Employee Designation are hereby DENIED, effective as of July 18, 2007.
4

5 Dated this 31ST day of March, 2009.
6

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8 STATE OF NEVADA
9 DEPARTMENT OF BUSINESS AND INDUSTRY
10 DIVISION OF MORTGAGE LENDING

11 By: 
12 JOSEPH L. WALTUCH, COMMISSIONER
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EXHIBIT “1”

1
2 STATE OF NEVADA
3 DEPARTMENT OF BUSINESS AND INDUSTRY
4 DIVISION OF MORTGAGE LENDING

4 In re:)
5)
6 #1 Mortgage Source and Derek Parent,)
7 individually,)
8 Respondents.)

ORDER DENYING MORTGAGE
BROKER LICENSE & QUALIFIED
EMPLOYEE DESIGNATION

9 ORDER DENYING MORTGAGE BROKER LICENSE

10 The licensing and regulation of mortgage brokers and mortgage agents in the State of Nevada is
11 governed by chapter 645B of the Nevada Revised Statutes (“NRS”) and chapter 645B of the Nevada
12 Administrative Code (“NAC”). The State of Nevada, Department of Business and Industry, Mortgage
13 Lending Division (“Division”) has the general duty to establish and enforce licensing requirements for
14 mortgage brokers. NRS 645B.020; NRS 645B.023; NRS 645B.0243; NRS 645B.0245; NRS
15 645B.0247; NRS 645B.025; NRS 645B.035; NRS 645B.750. Pursuant to that authority, the
16 Commissioner of the Division makes the following Findings of Fact, Conclusions of Law, and Order as
17 follows:

18 **FINDINGS OF FACT**

- 19 1. #1 Mortgage Source (hereinafter “#1 Mortgage”) submitted an application to the
20 Division on March 15, 2007 to obtain a mortgage broker’s license under the laws of the State of
21 Nevada pursuant to NRS 645B.
- 22 2. Derek J. Parent (hereinafter “Parent”) is the sole 100% shareholder of #1 Mortgage and
23 applied with the Division to be designated as the “Qualified Employee” of #1 Mortgage.
- 24 3. Parent originally registered as a mortgage agent with the Division on April 1, 2002 and
25 was associated with Southern Fidelity Mortgage, LLC (hereinafter “Southern”) until his
26 termination from Southern on April 9, 2004. The termination statement provided to the
27 Division from Southern stated Parent was terminated because he was “unable to work within
28 company policies and procedures.” However, Southern provided additional information

1 regarding Parent's April 9, 2004 termination to the Division on June 1, 2007. While working
2 for Southern, Parent submitted several owner occupied loans for the same borrower to
3 Countrywide Home Loan's wholesale division, which was detected by Countrywide's Loss
4 Mitigation Department. Parent allegedly had a personal relationship with the underwriter who
5 handled the files on behalf of Countrywide which facilitated the deception. Pursuant to NRS
6 645B.670, mortgage brokers are in violation of law if they "made a material misrepresentation
7 in connection with any transaction governed by this chapter." NRS 645B.020 requires that an
8 applicant for a mortgage broker license "has not violated any provision of this chapter or chapter
9 645E of NRS, a regulation adopted pursuant thereto or an order of the Commissioner." See
10 NRS 645B.020 (3)(b)(6) & NRS 645B.670 (2)(e).

11 3. Parent was a licensed mortgage agent pursuant to NRS 645B.410 from July 1, 2004 until
12 November, 2005 at which time he was designated as a Qualified Employee for First Source
13 Financial USA dba First Source Financial (hereinafter "First Source"), a mortgage broker
14 licensed in Nevada pursuant to NRS 645B, for their office located at 2920 North Green Valley
15 Parkway, Bldg 3, Ste 15 & 17, Henderson, NV. Parent served as the Qualified Employee for
16 First Source until July 28, 2006, at which time he reactivated his mortgage agent license.
17 However, Parent's mortgage agent license was canceled on April 7, 2007 because it was not
18 renewed as required in NRS 645B.430. Parent reinstated his mortgage agent license on June 5,
19 2007 and is associated with First Source.

20 4. The Division has a specific duty under NRS 645B to determine that an applicant
21 qualifies under the provisions of NRS 645B.020 to hold a license and performs various
22 investigations to insure an applicant's qualifications.

23 5. Upon the Division's routine investigation into the Respondents/applicants for purposes
24 of determination of suitability to hold a mortgage broker license, the Division discovered that
25 applicant Parent was named as a defendant in a civil case along with First Source in an action
26 brought by Plaintiff Stephen Wood. The complaint, filed January 24, 2006, alleges Mr. Wood
27 was not paid commissions owed to him while working for First Source as an agent under the
28 supervision of Parent. A judgment was entered in this matter in favor of Mr. Wood, however

1 payment was not remitted at the time Parent submitted his application. Parent failed to disclose
2 this matter on his application. In the "Arrests, Detentions, and Litigation and Disclosure Items"
3 portion of the Application and Personal History Record, Parent answered in the negative to
4 question 6(f): "Have you or any company in which you have ever held an ownership interest
5 have any unsatisfied judgments or liens?" Parent also answered no to a question regarding any
6 pending actions which may result in a yes answer. See NRS 645B.020 (3) (b) (3).

7 6. In the Application, Parent attested to the accuracy of the information provided to the
8 Division. Furthermore, Parent took an oath before Notary Dixie Ann Gilby, Notary Public for
9 the State of Nevada on March 14, 2007, swearing that the statements made in the application
10 were executed with the knowledge that misrepresentation or failure to reveal information
11 requested may be deemed sufficient cause for the refusal by the Mortgage Lending Division to
12 issue a license.

13
14 7. Pursuant to NRS 645B.060 (2) (c), the Division is charged with conducting "an annual
15 examination of each mortgage broker doing business in this State." Pursuant to this authority and
16 statutory mandate, the Division conducted an examination of the books and records of First
17 Source's 2920 North Green Valley Parkway, Henderson NV office on March 14, 2006. The scope
18 of the examination included the review of records and loans arranged during the time Parent was
19 designated as the qualified employee of the office. The examiner found that Parent employed and
20 supervised unlicensed mortgage telemarketing staff who conducted activities constituting
21 mortgage agent activity which is subject to licensure requirements. Additionally, it was found that
22 Parent operated Parent Investments Inc., a telemarketing company, from the offices of First Source
23 without required separation, and that eighteen of twenty-four loans reviewed did not disclose the
24 Yield Spread Premium to the borrowers. The examiner issued an adverse rating in the report of
25 examination based on the findings and a subsequent administrative action was issued against First
26 Source as a result of the findings. First Source paid an administrative fine of \$10,000 for failure to
27
28

1 adequately supervise and license individuals conducting mortgage activity (telemarketing) on
2 behalf of the company.

3 4 **CONCLUSIONS OF LAW**

5
6 NRS 645B.0247 permits the Commissioner to refuse to issue a license to an applicant for
7 any lawful reason stating: "The provisions of NRS 645B.0243 and 645B.0245 do not limit the
8 authority of the commissioner to refuse to issue a license to an applicant for any other lawful
9 reason or pursuant to any other provision of law."

10
11 Furthermore, NRS 645B.020(3) states in relevant part:

12 3. Except as otherwise provided in this chapter, the Commissioner shall issue a license to
13 an applicant as a mortgage broker if:

14 (a) The application complies with the requirements of this chapter; and

15 (b) The applicant and each general partner, officer or director of the applicant, if
16 the applicant is a partnership, corporation or unincorporated association:

17 (1) Has a good reputation for honesty, trustworthiness and integrity and
18 displays competence to transact the business of a mortgage broker in a manner
19 which safeguards the interests of the general public. The applicant must submit
20 satisfactory proof of these qualifications to the Commissioner.

21 (2) Has not been convicted of, or entered a plea of nolo contendere to, a
22 felony relating to the practice of mortgage brokers or any crime involving fraud,
23 misrepresentation or moral turpitude.

24 (3) Has not made a false statement of material fact on his application.

25 (4) Has not had a license that was issued pursuant to the provisions of this
26 chapter or chapter 645E of NRS suspended or revoked within the 10 years
27 immediately preceding the date of his application.

28 (5) Has not had a license that was issued in any other state, district or
territory of the United States or any foreign country suspended or revoked within
the 10 years immediately preceding the date of his application.

(6) Has not violated any provision of this chapter or chapter 645E of
NRS, a regulation adopted pursuant thereto or an order of the Commissioner

and NAC 645B.055(3) provides:

3. The approval issued by the commissioner entitles the qualified employee to act
pursuant to the terms and conditions of the license issued to the partnership, corporation
or limited-liability company by the commissioner pursuant to chapter 645B of NRS, but

1 only as a qualified employee of the partnership, corporation or limited-liability company,
2 and not on his own behalf.

3 The Commissioner finds that Parent, as applicant for principal and qualified employee of #1 Mortgage.
4 has not met the requirements for licensure pursuant to NRS 645B.020 (3)(b) subsections (1) (3) and (6)
5 as follows:

6 By failing to disclose the judgement awarded to Mr. Woods, Respondent Parent failed to
7 disclose required information pertaining to NRS 645B.020 truthfully on the application submitted to the
8 Division for licensure.

9 Based on the findings of the examination of the office managed by Parent and the multiple
10 simultaneous primary resident loans arranged by the Parent for the same borrower, the Division found
11 that Respondent Parent violated provisions of NRS 645B and regulations adopted pursuant thereto, as
12 explained more fully above.

13 The investigation failed to support that Respondent has a good reputation for honesty,
14 trustworthiness and integrity and displays competence to transact the business of a mortgage broker in a
15 manner which safeguards the interests of the general public.

16
17 Accordingly, pursuant to the violations to the sections of chapter NRS 645B cited herein,
18 the Commissioner refuses and therefore denies the Respondents' Application for Mortgage
19 Brokers License.

20
21 **ORDER**

22 NOW, THEREFORE, IT IS HEREBY ORDERED that Respondents' **#1 Mortgage Source and**
23 **Derek Parent** applications for licensure as mortgage broker and Qualified Employee are hereby denied.

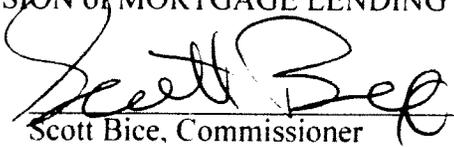
24 IT IS FURTHER ORDERED that, pursuant to NRS 645B.750, upon written application to the
25 Division, that **#1 Mortgage Source and Derek Parent are entitled to a hearing with regard to this**
26 **Order.**

27 Should Respondents not request a hearing within **twenty (20) days** of the receipt of this Order.
28 the Division will enter a Final Order in this matter as required by NRS 645B.750(2).

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DATED this 27TH day of JUNE, 2007

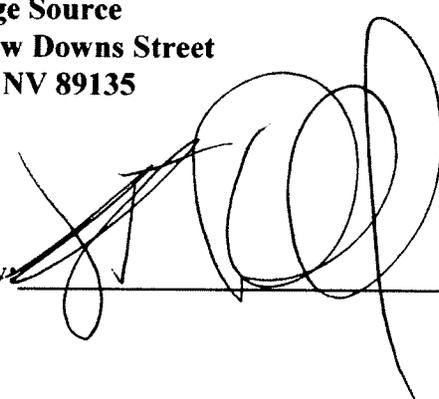
STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF MORTGAGE LENDING

By: 
Scott Bice, Commissioner

CERTIFICATE OF SERVICE

I certify that I am an employee of the State of Nevada, Department of Business and Industry,
Division of Mortgage Lending, and that on JUNE 27, 2007, I personally hand delivered, a
true and correct copy of the foregoing **ORDER DENYING MORTGAGE BROKER LICENSE
AND QUALIFIED EMPLOYEE DESIGNATION** for #1 MORTGAGE SOURCE AND DEREK
PARENT addressed as follows:

Derek Parent
#1 Mortgage Source
2816 Barrow Downs Street
Las Vegas, NV 89135

Received by: 

DATED this 27th day of JUNE 2007

By: 
Employee of the Division

CERTIFICATE OF SERVICE

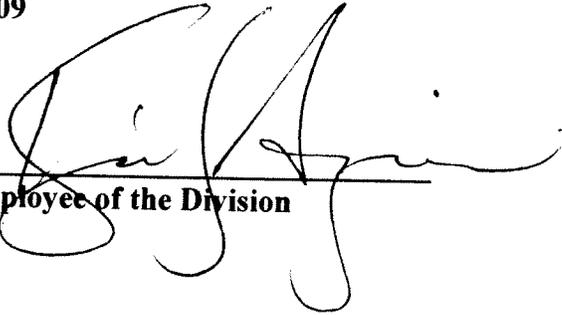
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I certify that I am an employee of the State of Nevada, Department of Business and Industry, Division of Mortgage Lending, and that on April 3, 2009, I deposited in the U.S. mail, postage prepaid via First Class Mail and Certified Return Receipt Requested, a true and correct copy of the foregoing, FINAL ORDER for #1 MORTGAGE SOURCE and DEREK PARENT, addressed as follows:

**#1 Mortgage Source
Derek Parent
2816 Barrow Downs Street
Las Vegas, NV 89135**

Certified Receipt Number: 7006 2760 0000 0875 9957

DATED this 2nd day of April, 2009

By: 
Employee of the Division