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

In re the matter of:)
SECURITY ONE LENDING, INC.)
Respondent(s).)

STIPULATED
SETTLEMENT
AGREEMENT

The licensing and regulation of mortgage brokers and mortgage bankers in the State of Nevada is governed by Chapters 645B and 645E, respectively, of the Nevada Revised Statutes (hereinafter, "NRS") and Chapters 645B and 645E, respectively, of the Nevada Administrative Code. The State of Nevada, Department of Business and Industry, Division of Mortgage Lending (hereinafter, the "Division") has the general duty to exercise supervision and control over mortgage brokers and mortgage brokering activity. See, generally, NRS 645B.060 and NRS 645E.300. Pursuant to that authority, the Division hereby enters into the following Stipulated Settlement Agreement ("Agreement") with Security One Lending, Inc., ("Respondent"), as follows:

RECITALS

WHEREAS, Respondent is a licensed mortgage broker, license number 3033, and a licensed mortgage banker, license number 3034, licensed to operate only from offices located at 979 Pyramid Way, Suite 115-B, Sparks, NV; Gloria Crockett serves as the Qualified Employee for both licenses and is the only licensed mortgage agent; and

WHEREAS, Respondent maintains their corporate office at 3131 Camino Del Rio North, Suite 190, San Diego, California and a branch office at 3570 Rancho Rd. #7, Redding, California; and

WHEREAS, On April 10, 2009 the Division conducted a regularly scheduled examination of Respondent's mortgage broker and mortgage banker licenses' books and records, pursuant to the authority in NRS 645B.060 and NRS 645E.300; and

Office of the Attorney General
5420 Kietzke Lane, Suite 202
Reno, NV 89511

1 WHEREAS, the relevant findings of the reports of examinations were the
2 Respondent:

- 3 • Failed to obtain prior approval from the Division regarding a change in ownership
4 and control;
- 5 • Conducted Nevada business pursuant to NRS 645E from its unlicensed San
6 Diego and Redding California offices;
- 7 • Currently shares office space with an unrelated real estate company;
- 8 • Failed to file any monthly activity reports; and

9 WHEREAS, pursuant to NRS 645B.060 and NRS 645E.300, the Division is
10 charged with conducting an annual examination of each mortgage banker and mortgage
11 broker, respectively doing business in this State. See, NRS 645B.060(2)(d) and NRS
12 645E.300 (2)(d); and

13 WHEREAS, Respondent contends that it has valid defenses to the findings
14 reported by the Division in the reports of examinations except that it failed to file monthly
15 activity reports and is in possession of certain information which could provide an
16 explanation for the findings in question; and

17 WHEREAS, after settlement negotiations, the parties herein mutually desire to
18 resolve their differences and disputes without further proceedings through this
19 Stipulated Settlement Agreement (“Agreement”).

20 NOW, THEREFORE, in consideration of the representations, covenants and
21 conditions set forth herein, IT IS HEREBY STIPULATED AND AGREED to by the
22 Division and Respondent that the purported violations found during the examinations of
23 Respondent’s books and records and referenced herein, shall be settled on the
24 following terms and conditions:

- 25 1. The Division asserts, but Respondent disputes and is ready to defend,
26 that Respondent was in violation of NRS 645B and NRS 645E. However, for purposes
27 of resolving this matter, Respondent does not contest, and admits that Respondent
28 failed to submit monthly activity reports pursuant to the requirements in NRS 645B.080

1 and NRS 645E.350. Respondent does not admit and is willing to defend all other
2 findings reported in the reports of examination and referenced herein.

3 2. Respondent and the Division agree that while Respondent's above-
4 described actions may have been inconsistent with the intent of NRS 645B and NRS
5 645E, these actions were neither willful nor intentional.

6 3. Respondent further contends and the Division acknowledges that
7 Respondent believes that it has valid defenses to the purported violations alleged by the
8 Division in the reports of examinations and is in possession of certain information which
9 could provide an explanation for the purported violations in question, but that, pursuant
10 to the Agreement, Respondent is waiving its right to present said defenses and
11 information to the Division, in order to resolve the allegations and avoid the further
12 incurring of costs and fees.

13 4. As of the completion of the regularly scheduled examination, Respondent
14 ceased any activity that might be construed as conducting mortgage broker or mortgage
15 banker activity from any unlicensed location, and will continue to cease such activity, until
16 such time as it complies with all licensing requirements prescribed in law. Loan officers
17 must reside close enough to the licensed location for a reasonable commute.

18 5. Respondent shall pay a fine in the amount of five thousand dollars (\$5,000)
19 to the Division within thirty (30) days from the date this Agreement is executed by the
20 Commissioner.

21 6. Respondent shall pay \$240 for investigative costs and \$250 for attorney's
22 fees incurred in relationship to this Agreement within thirty (30) days of this Agreement
23 being executed by the Commissioner.

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1 7. Respondent agrees to secure office space that is in compliance with the
2 laws of the State of Nevada for its Nevada principal office within 90 days of the date this
3 Agreement is executed by the Commissioner. The Division will allow the office to
4 relocate from Reno, Nevada to Las Vegas, Nevada if Respondent complies with all
5 requirements prescribed in law regarding changes of address and designations of
6 qualified employees.

7 8. The Division agrees that Respondent may, upon satisfactory compliance
8 with the provisions of this Agreement, submit mortgage banker branch license
9 applications for offices located at 3131 Camino Del Rio North, Suite 190, San Diego,
10 California and 3570 Rancho Rd. #7, Redding, California.

11 9. This Agreement is intended to resolve all issues related to the findings in
12 the April 7, 2009 the reports of examinations and is not considered an administrative
13 action by the Division. However, this Agreement shall not prevent the Division from
14 filing administrative actions against Respondent in the future for new acts or allegations
15 which may constitute new violations whether or not the same or similar to those
16 disposed of by this Agreement. In addition, the Division may utilize the findings of the
17 April 7, 2009 examination as well as this agreement as evidence in any future
18 administrative actions.

19 10. The parties hereto represent and warrant that the person executing this
20 Agreement on behalf of each party has full power and authority to enter into this
21 Agreement and has the legal capacity to conduct the legal obligations assigned to it
22 under this Agreement.

23 11. Except as described above in paragraph, 5 and 6 each party shall pay its
24 own costs and fees with respect to this matter.

25 12. Respondent further acknowledges and agrees that the Division shall keep
26 the original of this Agreement.

27 13. This Agreement, as well as the rights and obligations of the parties hereto,
28 shall be interpreted, governed, and construed pursuant to the laws of the State of Nevada,

1 and any action to enforce the instant Agreement shall be brought in the Second Judicial
2 District Court of the State of Nevada in and for Washoe County.

3 14. If any action is brought to enforce the provisions of this Agreement the
4 State of Nevada, if it is the prevailing party shall be entitled to reasonable costs and
5 attorney's fees. It is specifically agreed that reasonable attorney's fees for the State-
6 employed attorneys shall be \$125 per hour.

7 15. If any provision contained in this Agreement is held to be unenforceable by a
8 court of law or equity, this Agreement shall be construed as if such a provision(s) did not
9 exist and the non-enforceability of such provisions(s) shall not be held to render any other
10 provision(s) of this Agreement non-enforceable. Failure to declare a breach or the actual
11 waiver of any particular breach of the instant Agreement or its material terms, by either
12 party, shall not operate as a waiver by such party of any of its rights or remedies as to any
13 other breach.

14 16. In consideration for the execution of this Agreement, Respondent, for itself,
15 its heirs, executors, administrators, successors and assigns, hereby releases and forever
16 discharges the State of Nevada, the Division, the Nevada Attorney General, and each of
17 their members, agents and employees in their individual and representative capacities,
18 from any and all manner of actions, causes of action, suits, debts, judgments, executions,
19 claims and demands whatsoever known or unknown, in law and equity, that Respondent
20 ever had, now has, may have or claim to have against any and all of the persons or
21 entities named in this paragraph arising out of, or by reason of, the investigation of the
22 allegations in the complaint referenced above, this action or any other matter relating
23 thereto.

24 17. In consideration for the execution of this Agreement, Respondent hereby
25 indemnifies and holds harmless the State of Nevada, the Division, the Nevada Attorney
26 General, and each of their members, agents and employees in their individual and
27 representative capacities, against any and all claims, suits and actions, brought against
28 any of the persons named in this paragraph by reason of the investigation of the

1 allegations in the complaint referenced above, this action and all other matters relating
2 thereto, and against any and all expenses, damages, charges and costs, including court
3 costs and attorney fees which may be sustained by any of the persons and entities named
4 in this paragraph as a result of said claims, suits and actions.

5 18. Respondent enters into this agreement freely and voluntarily. Respondent
6 acknowledges that this agreement is not the product of force, threats, or any other form of
7 coercion or duress, but is the product of discussions between Respondent counsel,
8 William E. Trask, and the Division and the attorney for the Division. This Agreement
9 constitutes the entire agreement of the parties, and it is intended as complete and
10 exclusive statement of the promises, representations, negotiations, and discussions of the
11 parties. Unless otherwise expressly authorized by its terms, this Agreement shall be
12 binding upon the parties unless any modification of the same is in writing, and signed by
13 the respective parties hereto.

14 19. Respondent and the Division acknowledge that this agreement is made to
15 avoid possible administrative action and to economize resources.

16 20. **NOTICE TO RESPONDENT:** By executing this Agreement, you hereby
17 agree that you are waiving certain rights as set forth herein. As the Respondent, you
18 are specifically informed that you have the right to request that the Division file an
19 administrative complaint against you, at any hearing on such a complaint you have the
20 right to appear and be heard in your defense, either personally or through your counsel
21 of choice. If the Division were to file a complaint, at the hearing, the Division would
22 have the burden of proving the allegations in the complaint and would call witnesses
23 and present evidence against you. You would have the right to respond and to present
24 relevant evidence and argument on all issues involved. You would have the right to call
25 and examine witnesses, introduce exhibits, and cross-examine opposing witnesses on
26 any matter relevant to the issues involved. You would have the right to request that the
27 Commissioner of the Division issue subpoenas to compel witnesses to testify and/or
28 evidence to be offered on your behalf. In making this request, you may be required to

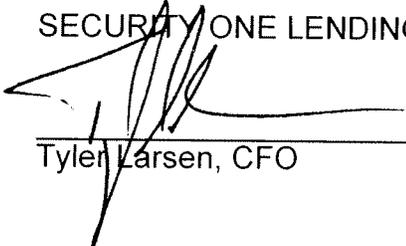
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demonstrate the relevance of the witness's testimony and/or evidence. Other important rights you have are listed in NRS Chapters 645B and 645E and NRS Chapter 233B.

21. The parties agree and understand this agreement is intended to operate as full and final settlement of the above referenced issues related to the findings of the April 7, 2009 reports of examinations for Respondent's mortgage broker and mortgage banker license examination findings.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and intend to be legally bound thereby.

DATED this 1st day of July, 2009.

SECURITY ONE LENDING, INC.
By: 
Tyler Larsen, CFO

DATED this 14th day of July, 2009.


JOSEPH L. WALTUCH
Commissioner
Department of Business & Industry
Division of Mortgage Lending

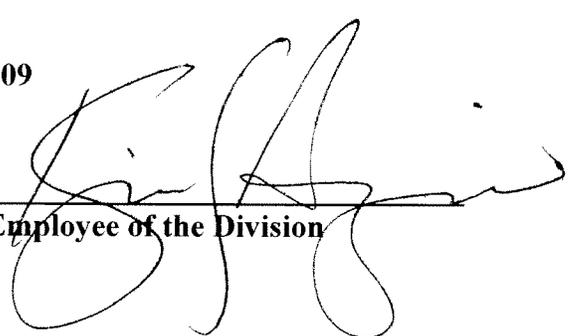
CERTIFICATE OF SERVICE

I certify that I am an employee of the State of Nevada, Department of Business and Industry, Division of Mortgage Lending, and that on July 15, 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. FULLY EXECUTED STIPULATED SETTLEMENT AGREEMENT for SECURITY ONE LENDING, addressed as follows:

**Tyler Larsen CFO
Security One Lending Inc.
3131 Camino Del Rio N, Ste. 310
San Diego, CA 92108**

Certified Receipt Number: 7006 2760 0000 0875 9131

DATED this 14th day of July, 2009

By: 
Employee of the Division