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

\* \* \*

In re:

Village Oaks Financial, Inc., dba  
Village Oaks Mortgage,

Respondent.

**STIPULATED SETTLEMENT AGREEMENT**

**STIPULATED SETTLEMENT AGREEMENT**

The licensing and regulation of mortgage brokers and mortgage agents in the State of Nevada is governed by Chapters 645B of the Nevada Revised Statutes (hereinafter, "NRS") and Chapter 645B 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 broker and mortgage agent activity. See, generally, NRS 645B.060. Pursuant to that authority, the Division hereby enters into the following Stipulated Settlement Agreement ("Agreement") with Village Oaks Financial, Inc., dba Village Oaks Mortgage ("Respondent"), as follows:

**RECITALS**

WHEREAS, Respondent is a corporation organized and existing under the laws of the State of Nevada since its incorporation on approximately November 7, 1997. Presently, Respondent's status with the Nevada Secretary of State is "active".

WHEREAS, from approximately September 9, 1999, to date, Respondent has been operating within the State of Nevada as a licensed mortgage broker pursuant to Chapter 645B of NRS and the Division currently classified Respondent's license as "active".

1           WHEREAS, from approximately January 5, 2001, until approximately January 6, 2006,  
2 Lawrence Sherman ("Sherman") was affiliated with, or employed by, Respondent as a  
3 licensed mortgage agent at Respondent's principal office in Henderson, Nevada.

4           WHEREAS, on approximately January 6, 2006, Sherman's mortgage agent license  
5 was cancelled for failure to renew. See, NRS 645B.430(1).

6           WHEREAS, commencing on approximately May 31, 2006, Sherman was the qualified  
7 employee for Respondent's branch office in Laughlin, Nevada and conducted mortgage  
8 lending activity at that office until approximately May 8, 2008, when the branch office closed.  
9 The Division currently classifies Sherman's mortgage agent status as "license application  
10 pending."  
11

12           WHEREAS, from approximately June 2008 and continuing thereafter, Sherman  
13 conducted mortgage activity on behalf of Respondent and otherwise held himself out, and  
14 continued to hold himself out, as engaging in or carrying on the activities of a mortgage agent  
15 licensed by the Division pursuant to Chapter 645B of NRS until Sherman was served with the  
16 Division's Cease and Desist Order prohibiting him from so acting.  
17

18           WHEREAS, on April 28, 2009, the Division received a written complaint from an  
19 individual alleging, among other things, that notwithstanding that Sherman was an unlicensed  
20 mortgage agent, Sherman continued to solicit mortgage business from individuals in real  
21 estate offices and that Respondent allowed Sherman to originate mortgage loans.

22           WHEREAS, Respondent admits it was negligent in allowing Sherman to conduct  
23 mortgage agent activities without being properly licensed.

24           WHEREAS, pursuant to NRS 645B.060, the Division is charged with conducting  
25 "...such investigations as may be necessary to determine whether any person has violated  
26 any provision of this chapter, a regulation adopted pursuant to this chapter or an order of the  
27 Commissioner...." See, NRS 645B.060(2)(c).  
28

1           WHEREAS, pursuant to NRS 645B.610, if a person properly files a complaint with the  
2 Division, the Division is further charged with investigating "...each violation alleged in the  
3 complaint..." and the Division"...shall determine from the investigation whether there is  
4 reasonable cause to believe that the person committed the alleged violation...." See, NRS  
5 645B.610(1), (3).

6           WHEREAS, pursuant to NRS 645B.400, "(a) person shall not act as or provide any of  
7 the services of a mortgage agent or otherwise engage in, carry on or hold himself out as  
8 engaging in or carrying on the activities of a mortgage agent unless the person has a license  
9 as a mortgage agent issued pursuant to NRS 645B.410."

10           WHEREAS, pursuant to NRS 645B.900, unless a person is exempt from Chapter 645B  
11 of NRS and complies with exemption requirements, "(i)t is unlawful for any person to offer or  
12 provide any of the services of a mortgage broker or mortgage agent or otherwise to engage  
13 in, carry on or hold himself out as engaging in or carrying on the business of a mortgage  
14 broker or mortgage agent without first obtaining the applicable license issued pursuant to this  
15 chapter...."

16           WHEREAS, Pursuant to NRS 645B.450, "(a) mortgage broker shall not associate with  
17 or employ a person as a mortgage agent or authorize a person to be associated with the  
18 mortgage broker as a mortgage agent if the mortgage agent is not licensed with the Division  
19 pursuant to NRS 645B.410. See, NRS 645B.450(2).

20           WHEREAS, after settlement negotiations, the parties herein mutually desire to resolve  
21 their differences and disputes without further proceedings through this Agreement.

22           NOW, THEREFORE, in consideration of the representations, covenants and  
23 conditions set forth herein, the parties stipulate and agree as follows:

24           1. Respondent admits it was negligent in allowing Sherman to engage in  
25 unlicensed mortgage agent activity in violation of NRS 645B; that he has ceased such activity,  
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1 and that he will continue to cease such activity and seek licensing by they Division prior to  
2 commencing any further mortgage agent activity.

3 2. Respondent agrees to review its procedures and implement safeguards to  
4 ensure like events do not reoccur.

5 3. Respondent hereby acknowledges and agrees, with full knowledge, to waive its  
6 right to have the Division file a complaint, if one has not been filed by the date that  
7 Respondent executes this Agreement, or if a complaint has been filed, to go to a hearing in  
8 this matter.

9 4. In light of the parties' desire to resolve this matter, Respondent shall, pursuant to  
10 NRS 645B.670 and/or NRS 622.400, pay to the Division an administrative fine in the amount  
11 of Ten Thousand Dollars (\$10,000.00).  
12

13 5. The parties agree, however, that the Division shall suspend the payment of Six  
14 Thousand Two Hundred and Fifty Dollars (\$6,250.00) of the full fine for a period of 24 months  
15 from the date the Division executes this Agreement on condition that Respondent fully  
16 complies with NRS Chapter 645B and NAC Chapter 645B and with each and every law and  
17 regulation applicable to it in its conduct of a mortgage broker. If within 24 months of the  
18 execution of this Agreement by the Division it is determined by the Division that the  
19 Respondent has violated any of the foregoing, the administrative fine levied against  
20 Respondent shall revert to the originally specified sum of Ten Thousand Dollars (\$10,000.00)  
21 and the remaining Six Thousand Two Hundred and Fifty Dollars (\$6,250.00) shall become  
22 immediately due and payable to the Division. Payment of the initial Three Thousand Seven  
23 Hundred and Fifty Dollars (\$3,750.00) shall be made upon Respondent's execution of this  
24 Agreement.  
25

26 6. Respondent shall, pursuant to NRS 645B.670 and/or NRS 622.400, pay to the  
27 Division investigatory costs directly related to the investigation of this case in the amount of  
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1 Six Hundred Ninety Dollars (\$690.00). Payment shall be made upon Respondent's execution  
2 of this Agreement.

3 7. Respondent agrees that in the event that it violates any of the provisions of this  
4 Agreement, the Division shall retain any and all remedies available to it in accordance with  
5 NRS Chapter 645B.

6 8. The parties agree and acknowledge that this Agreement shall constitute the  
7 complete and final resolution of any issues arising out of the Division's investigation into  
8 Respondent's conduct as specified herein.

9 9. The parties represent and warrant that the person executing the Agreement on  
10 behalf of each party has full power and authority to do so, and has the legal capacity to  
11 conduct the legal obligations assigned to it hereunder.

12 10. Respondent further acknowledges and agrees that the Division shall retain the  
13 original of the Agreement.

14 11. This Agreement may be signed in counterparts and a facsimile signature shall  
15 be deemed as valid as an original, however, Respondent shall immediately forward all original  
16 signature pages to the Division.

17 12. The Agreement, as well as the rights and obligations of the parties hereto shall  
18 be interpreted, governed, and construed pursuant to the laws of the State of Nevada.

19 13. Any action to enforce the Agreement shall be brought in the Eighth Judicial  
20 District Court of the State of Nevada in and for Clark County.

21 14. If the Division is successful in any action to enforce this Agreement, the court  
22 may award it attorney's fees. It is specifically agreed that reasonable attorney's fees for the  
23 State-employed attorneys shall be \$125 per hour.

24 15. Failure to declare a breach or the actual waiver of any particular breach of the  
25 Agreement or its material terms, by either party, shall not operate as a waiver by such party of  
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1 any of its rights or remedies as to any other breach.

2 16. The Respondent has the right to retain an attorney to review this Agreement at  
3 its sole cost and expense and has freely and voluntarily chosen not to do so.

4 17. Other than the fines and investigative costs set forth herein, each side shall pay  
5 its own costs and fees, including attorney's fees.

6 18. If any provision contained in the Agreement is held to be unenforceable by a  
7 court of law or equity, the Agreement shall be construed as if such a provision(s) did not exist  
8 and the unenforceability of such provision(s) shall not be held to render any other provision(s)  
9 of the Agreement unenforceable.  
10

11 19. The Agreement constitutes the entire Agreement of the parties, and it is  
12 intended as a complete and exclusive statement of the promises, representations,  
13 negotiations, and discussions of the parties. Unless otherwise expressly authorized by its  
14 terms, the Agreement shall be binding upon the parties unless the same is in writing, signed  
15 by the respective parties hereto, and approved by the Office of the Attorney General.

16 20. **NOTICE TO RESPONDENT:** By executing this Agreement, you hereby agree  
17 that you are waiving certain rights as set forth herein. As the Respondent, you are specifically  
18 informed that you have the right to request that the Division file an administrative complaint  
19 against you, at any hearing on such a complaint you have the right to appear and be heard in  
20 your defense, either personally or through your counsel of choice. If the Division were to file a  
21 complaint, at the hearing, the Division would have the burden of proving the allegations in the  
22 complaint and would call witnesses and present evidence against you. You would have the  
23 right to respond and to present relevant evidence and argument on all issues involved. You  
24 would have the right to call and examine witnesses, introduce exhibits, and cross-examine  
25 opposing witnesses on any matter relevant to the issues involved.  
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1 You would have the right to request that the Commissioner of the Division issue  
2 subpoenas to compel witnesses to testify and/or evidence to be offered on your behalf. In  
3 making this request, you may be required to demonstrate the relevance of the witness's  
4 testimony and/or evidence. Other important rights you have are listed in NRS Chapter 645B  
5 and NRS Chapter 233B.

6 21. Neither this Agreement nor any statements made concerning this Agreement  
7 may be discussed or introduced into evidence at the hearing of the complaint, if the Division  
8 must ultimately put on a case based upon Respondent's failure to comply with the terms and  
9 conditions of this Agreement.  
10

11 22. Respondent understands and agrees that this Agreement may be used to show  
12 that past violations have occurred should any future disciplinary action be taken by the  
13 Division.

14 23. In consideration of execution of this Agreement, the Respondent for itself, its  
15 owners, and their heirs, executors, administrators, successors, and assigns, hereby release,  
16 remise, and forever discharge the State of Nevada, the Department of Business and Industry  
17 of the State of Nevada, the Division, and each of their members, agents, attorneys (including  
18 any and all employees of the Nevada Attorney General), and employees in their individual  
19 and representative capacities, from any and all manner of actions, causes of action, suits,  
20 debts, judgments, executions, claims, and demands whatsoever, known and unknown, in law  
21 or equity, that the Respondent ever had, now has, may have, or claim to have against any or  
22 all of the persons or entities named in this section, arising out of or by reason of the Division's  
23 investigation, into this matter, and all other matters relating thereto.  
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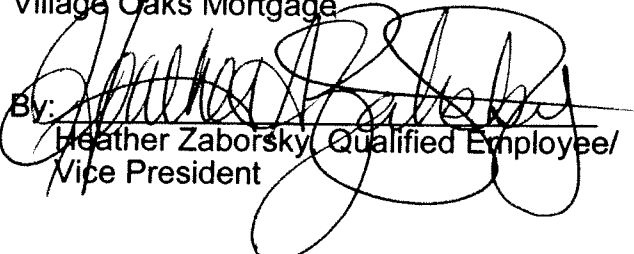
25 24. Respondent hereby indemnifies and holds harmless the State of Nevada, the  
26 Department of Business and Industry of the State of Nevada, the Division, and each of their  
27 members, agents, and employees, and employees of the Nevada Attorney General in their  
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1 individual and representative capacities against any and all claims, suits, and actions brought  
2 against said persons and/or entities by reason of the Division's investigation into this  
3 disciplinary action, this Agreement, and all other matters relating thereto, and against any and  
4 all expenses, damages, and costs, including court costs and attorney fees, which may be  
5 sustained by the persons and/or entities named in this section as a result of said claims, suits,  
6 and actions.

7  
8 IN WITNESS WHEREOF, the parties have caused the Agreement to be signed and  
9 intend to be legally bound thereby.

10 DATED this 17 day of ~~July~~ <sup>AUGUST</sup>, 2009.

11  
12 Village Oaks Financial, Inc., dba  
13 Village Oaks Mortgage

14 By:   
15 Heather Zaborsky, Qualified Employee/  
16 Vice President

17 DATED this 17<sup>th</sup> day of July, 2009.

18  
19 State of Nevada  
20 Department Of Business and Industry  
21 Division of Mortgage Lending

22 By:   
23 Joseph L. Waltuch, Commissioner  
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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 30, 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, STIPULATED SETTLEMENT AGREEMENT for VILLAGE OAKS FINANCIAL, INC., DBA VILLAGE OAKS MORTGAGE, addressed as follows:

Heather Zaborsky  
Village Oaks Mortgage  
175 Cassia Way, Ste. A114  
Henderson, NV 89014

Certified Receipt Number: 7006 2760 0000 0876 3855

DATED this 29th day of July, 2009

By: Susan Slack  
Employee of the Division