

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

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5 In re:  
6 Hotpoint Financial, LLC,  
7 Respondent.

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10 FINAL ORDER

11 The State of Nevada, Department of Business and Industry, Division of Mortgage  
12 Lending (hereinafter, the "Division"), having served the Respondent, Hotpoint Financial LLC,  
13 (hereinafter, "Respondent") on July 17, 2009, with its Notice of Intent to Impose Fine and  
14 Notice of Right to Request Hearing, attached hereto as Exhibit "1" and incorporated herein by  
15 reference, which notified Respondent that a final order would issue in this matter unless,  
16 within twenty (20) days of entry and receipt of said Order, Respondent requested a hearing to  
17 contest the charges against it, with said request to be made in writing, and;

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19 Said Order having been sent to Respondent via certified mail and regular mail, and  
20 received by Respondent on July 22, 2009, and;

21 Respondent having failed to request a hearing in this matter, and good cause  
22 appearing:

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1 NOW, THEREFORE, IT IS HEREBY ORDERED that, pursuant to NRS 645B.670 and  
2 NRS 645B.690, Respondent will be subject to the administrative fines, fees and/or costs as set  
3 forth in the original Order attached hereto as Exhibit "1".

4 The sum of said administrative fines, fees and/or costs was received by the Division on  
5 7/28/2009.

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7 Dated this 18<sup>th</sup> day of August, 2009.  
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11 State of Nevada  
12 Department of Business and Industry  
13 Division of Mortgage Lending

14 By: Joseph L. Waltuch  
15 Joseph L. Waltuch, Commissioner  
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# **EXHIBIT “1”**

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

In re:  
Hotpoint Financial, LLC,  
Respondent.

**NOTICE OF INTENT TO IMPOSE FINE AND  
NOTICE OF RIGHT TO REQUEST HEARING**

The licensing and regulation of mortgage brokers and mortgage agents in the State of Nevada is governed by Chapter 645B of the Nevada Revised Statutes ("NRS") and Chapter 645B of the Nevada Administrative Code ("NAC"). The State of Nevada, Department of Business and Industry, Division of Mortgage Lending ("the Division") has the general duty to exercise supervision and control over mortgage brokers and mortgage agents, as well as mortgage broker and mortgage agent activity. See, NRS 645B.060(1), NRS 645B.670 and NRS 645B.690. Pursuant to that authority, the Division makes the following Factual Allegations, Violations of Law, and Order:

**FACTUAL ALLEGATIONS**

1. Based upon information and belief, Respondent, Hotpoint Financial, LLC ("Respondent") is a limited liability company organized and existing under the laws of the State of Nevada since approximately October 28, 2004.

2. Based upon information and belief, from the date of its organization on approximately October 28, 2004, to date, Bie Shia Kathy Chu ("Chu") has been the manager and sole shareholder of Respondent.

1           3.     Based on information and belief, on approximately April 19, 2005, Respondent  
2 was issued a mortgage broker license (No. 3903) by the Division pursuant to Chapter 645B of  
3 NRS.

4           4.     Based upon information and belief, from approximately April 19, 2005, to date:

5                 a.     Respondent has been operating within the State of Nevada as a licensed  
6 mortgage broker; and

7                 b.     Chu has been the qualified employee of Respondent.

8           5.     Presently, the Division classifies Respondent's license as "active licensed."

9           6.     Based upon information and belief, on approximately June 6, 2003, Minelli  
10 McDougall ("McDougall") was registered with, and issued a mortgage agent license (No.  
11 11510) by, the Financial Institutions Division, Department of Business and Industry, State of  
12 Nevada ("FID") pursuant to Chapter 645B of NRS.

13           7.     On approximately July 1, 2004, the Division commenced licensing and  
14 supervising mortgage brokers and mortgage agents pursuant to Chapter 645B of NRS.  
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16           8.     Based upon information and belief, from approximately May 30, 2008, until  
17 approximately February 2009, McDougall was affiliated with, or employed by, Respondent as  
18 a licensed mortgage agent and conducted mortgage lending in the State of Nevada on behalf  
19 of Respondent.  
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21           9.     On approximately May 31, 2009, McDougall's mortgage agent license was  
22 cancelled for failure to renew. See, NRS 645B.430(1). Presently, the status of McDougall's  
23 mortgage agent license is "cancelled."

24           10.    Based upon information and belief, on approximately November 22, 2006, Irene  
25 Madali Zafra ("Zafra") was issued a mortgage agent license (No. 41361) by the Division  
26 pursuant to Chapter 645B of NRS.  
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1           11. Based upon information and belief, commencing on approximately November  
2 27, 2006, Zafra conducted mortgage lending activity as a licensed mortgage agent until her  
3 license was cancelled on November 23, 2008, for failure to renew. See, NRS 645B.430(1).  
4 Presently, the status of Zafra's mortgage agent license is "cancelled."

5           12. Pursuant to NRS 645B.060, the Division is charged with conducting "...an  
6 annual examination of each mortgage broker doing business in this State...." See, NRS  
7 645B.060(2)(d).

8           13. Pursuant to NRS 645B.060, the Division conducted a regularly scheduled  
9 examination of Respondent's books and records which commenced on March 24, 2009. The  
10 relevant findings of the examination were that:  
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12           a. Based upon Respondent's employee list, Zafra was employed by  
13 Respondent as a loan processor from approximately September 15, 2008, until approximately  
14 January 11, 2009;

15           b. In or around October 10, 2008, McDougall made application to  
16 Respondent for a refinance loan;

17           c. The McDougall refinance loan transaction closed on approximately  
18 November 18, 2008;

19           d. The McDougall refinance loan file was missing from Respondent's office;

20           e. In a copy of the loan file obtained from the lender, Paramount Residential  
21 Mortgage, Inc.:  
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23           (i) Zafra is identified as the mortgage agent on the loan application,  
24 disclosures and verification of employment; and

25           (ii) The pay stubs provided by the borrower's employer did not match  
26 the pay stubs in the McDougall loan file;  
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1 f. Zafra confirmed that she took the loan application, prepared the  
2 disclosures, processed the file and was the primary contact on the McDougall loan file;

3 g. At no time was Zafra affiliated with, or employed by, Respondent and  
4 authorized to conduct mortgage agent activity in the State of Nevada on behalf of  
5 Respondent as a licensed mortgage agent pursuant to Chapter 645B of NRS; and

6 h. Zafra was affiliated with, or employed by, All Western Mortgage, Inc. ("All  
7 Western") as a licensed mortgage agent from approximately August 28, 2007, until  
8 approximately October 15, 2008.

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10 14. Pursuant to NRS 645B.450, "(a) person licensed as a mortgage agent pursuant  
11 to the provisions of NRS 645B.410 may not be associated with or employed by more than one  
12 mortgage broker at the same time...." See, NRS 645B.450(1).

13 15. Pursuant to NRS 645B.460, "(a) mortgage broker shall exercise reasonable  
14 supervision over the activities of his mortgage agents...." See, NRS 645B.460(1).

15 16. Pursuant to NRS 645B.080, "(e)ach mortgage broker shall keep and maintain at  
16 all times at each location where the mortgage broker conducts business in this state complete  
17 and suitable records of all mortgage transactions made by the mortgage broker at that  
18 location...." See, NRS 645B.080(1).

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20 17. Pursuant to NAC 645B.077, "(t)he mortgage broker shall retain records of all his  
21 completed mortgage transactions for a period of at least 4 years after the date of the last  
22 activity relating to the transaction...." See, NAC 645B.077(1).

23 18. Pursuant to NRS 645B.670, "(f)or each violation committed by a mortgage  
24 broker, the Commissioner may impose upon the mortgage broker an administrative fine of not  
25 more than \$10,000, may suspend, revoke or place conditions upon his license, or may do  
26 both, if the mortgage broker, whether or not acting as such...(h)as violated any provision of  
27 this chapter, a regulation adopted pursuant to this chapter or an order of the  
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1 Commissioner...(h)as failed to exercise reasonable supervision over the activities of a  
2 mortgage agent as required by NRS 645B.460....” See, NRS 645B.670(2)(c), (q).

3 **VIOLATIONS OF LAW**

4 After investigating this matter, it has been determined that at relevant times herein  
5 mentioned, Respondent:

6 1. Failed to exercise reasonable supervision over the activities of his mortgage  
7 agents by:

8 (i) Allowing Zafra to be affiliated with, or employed by, Respondent, and to  
9 conduct mortgage lending activity in the State of Nevada on its behalf at the same time that  
10 Zafra was conducting mortgage lending activity in the State of Nevada on behalf of All  
11 Western; in violation of NRS 645B.460(1), NRS 645B.450(1) and NRS 645B.670(2)(c), (q);

12 (ii) Not establishing and implementing a system to review, oversee and  
13 inspect the activities of his mortgage agents, to ensure that the pay stubs provided by the  
14 borrower’s employer matched the pay stubs in McDougall’s loan file, in violation of NRS  
15 645B.460(1)(b) and NRS 645B.670(2)(c), (q); and

16 2. Failed to keep and maintain complete and suitable records of the McDougall  
17 refinance loan transaction for a period of at least 4 years after the date of the last activity  
18 relating to the transaction, in violation of NRS 645B.080(1) and NAC 645B.077(1).

19 **ORDER**

20 **NOW, THEREFORE, THE COMMISSIONER OF THE DIVISION HEREBY ORDERS,**  
21 pursuant to NRS 645B.750, that upon written application to the Division within **twenty (20)**  
22 **days** of the date of this Order, Respondent shall be entitled to a hearing with regards to the  
23 contents of this Order referenced below. At that hearing the Division will seek to:

24 1. Impose an administrative fine against Respondent in the amount of Five  
25 Thousand Five and No Cents (\$5,000.00) for Respondent’s violations of Chapter 645B of  
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1 NRS, the Division's investigative costs in the amount of One Hundred Eighty Dollars and No  
2 Cents (\$180.00) as well as the Division's attorney's fees, if any, incurred herein, to be proven  
3 at the hearing; and

4 2. Require Respondent's payment, in full, of the administrative fine, investigative  
5 costs and fees, if any, to the Division within **thirty (30) days** of entry of the Final Order.

6 Should Respondent not request a hearing within **twenty (20) days** of the date of this  
7 Order, the Division will enter a Final Order in this matter against Respondent, as required by  
8 NRS 645B.750(2).

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

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12 State of Nevada  
13 Department of Business and Industry  
14 Division of Mortgage Lending

15 By: Joseph L. Waltuch  
16 Joseph L. Waltuch, Commissioner  
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**CERTIFICATE OF SERVICE**

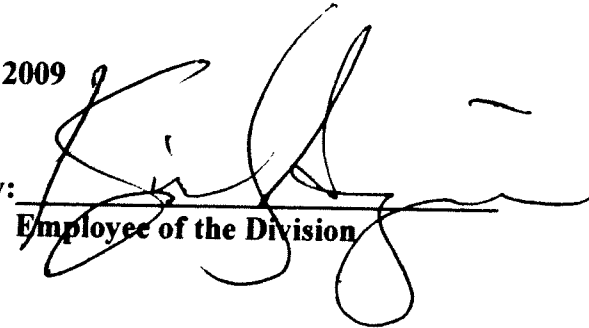
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**I certify that I am an employee of the State of Nevada, Department of Business and Industry, Division of Mortgage Lending, and that on July 21, 2009, I deposited in the U.S. mail, postage prepaid via First Class Mail and Certified Return Receipt Requested, a true and correct copy of the foregoing, NOTICE OF INTENT TO IMPOSE FINE AND NOTICE OF RIGHT TO REQUEST HEARING for HOTPOINT FINANCIAL LLC, addressed as follows:**

**Bie Shia Chu  
Hotpoint Financial LLC  
6280 W. Spring Mountain Rd, Ste. 110-A  
Las Vegas, NV 89146**

**Certified Receipt Number: 7006 2760 0000 0875 9353**

**DATED this 20th day of July, 2009**

**By:**   
**Employee of the Division**

**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 August 21, 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 HOTPOINT FINANCIAL LLC, addressed as follows:

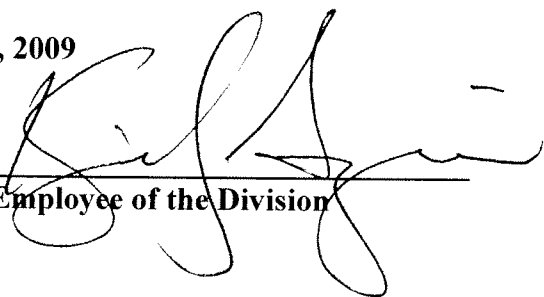
**Bie Shia Chu  
Hotpoint Financial LLC  
6280 W. Spring Mountain Rd, Ste. 110-A  
Las Vegas, NV 89146**

**Certified Receipt Number: 7006 2760 0000 0875 9094**

**DATED this 20th day of August, 2009**

**By:**

**Employee of the Division**



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