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

* * *

In re:
Academy Mortgage Corporation,
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 Academy Mortgage Corporation ("Respondent"), as follows:

RECITALS

WHEREAS, Respondent is a corporation organized and existing under the laws of the State of Utah. Respondent initially filed with the Nevada Secretary of State as a foreign corporation on August 27, 2003, and is presently in "active" status; and

WHEREAS, from approximately April 30, 2004, 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 classifies Respondent's license as "active" with a principal office located at 3705 Lakeside Dr., Reno, Nevada; and

1 WHEREAS, from approximately March 6, 2007, to date, Respondent has been
2 operating within the State of Nevada as a licensed mortgage banker pursuant to Chapter
3 645E of NRS and the Division currently classifies Respondent's license as "active" with a
4 principal office located at 3705 Lakeside Dr., Reno, Nevada; and

5 WHEREAS, Respondent's banker and broker licensees operate within the same office
6 suite without separation of the office space and personnel and are both under the oversight of
7 the same designated qualified employee; and

8 WHEREAS, NRS 645B.450 (2) requires that "(a) mortgage broker shall not associate
9 with or employ a person as a mortgage agent or authorize a person to be associated with the
10 mortgage broker as a mortgage agent if the mortgage agent is not licensed with the Division
11 pursuant to NRS 645B.410; and

12 WHEREAS, on June 9, 2009 Respondent applied for a branch office to be located at
13 4773 Caughlin Pkwy, Suite 1, Reno Nevada; the license is currently in pending status; and

14 WHEREAS, on July 21, 2009 the Division conducted a regularly scheduled
15 examination of Respondent's mortgage broker and mortgage banker licenses' books and
16 records, pursuant to NRS 645B.060 and NRS 645E.300; and

17 WHEREAS, the Division found that Respondent is conducting business and meeting
18 clients at the pending branch office located at 4773 Caughlin Pkwy, Suite 1, Reno Nevada
19 prior to issuance of the branch license; and

20 WHEREAS, the findings of the examination showed that Respondent allowed the
21 following individuals to transact loan originations on behalf of Respondent without proper
22 licensure as mortgage agents, in violation of NRS 645B.450 (2):

- 23 1. Dwight Malard
- 24 2. Kim Petrie
- 25 3. Karen Rice

- 1 4. Stephanie Hanna
- 2 5. Yolanda Gonzales
- 3 6. Alex Johnson
- 4 7. Loriann Stone
- 5 8. Brent Hewel;

6 WHEREAS, Respondent maintains that it understood that licensure, pursuant to
7 Chapter 654B of the NRS, of mortgage agents working from an office holding both a
8 mortgage banker and mortgage broker license was not required and that their failure to
9 license the above named individuals was neither willful nor intentional; and

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

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

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

24 WHEREAS, after settlement negotiations, the parties herein mutually desire to resolve
25 their differences and disputes without further proceedings through this Agreement.
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1 NOW, THEREFORE, in consideration of the representations, covenants and
2 conditions set forth herein, the parties stipulate and agree as follows:

3 1. Respondent admits it allowed the above named individuals to engage in
4 mortgage agent activity without required licensure, in violation of NRS 645B.450 (2). The
5 Respondent further admits that mortgage activity was conducted at the unlicensed branch
6 located at 4773 Caughlin Pkwy, Suite 1, Reno Nevada prior to issuance of the branch license
7 in violation of NRS 645B.900. However, the parties agree that Respondent's above-
8 described actions were neither willful nor intentional and that Respondent had a good faith
9 belief that its Nevada staff was not meeting with clients at the unlicensed office.
10

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

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

17 4. In light of the parties' desire to resolve this matter, Respondent shall, pursuant to
18 NRS 645B.670 and/or NRS 622.400, pay to the Division an administrative fine in the amount
19 of Five Thousand Dollars (\$5,000). Payment shall be made upon Respondent's execution of
20 this Agreement.
21

22 5. Respondent shall, pursuant to NRS 645B.670 and/or NRS 622.400, pay to the
23 Division investigatory costs directly related to the investigation of this case in the amount of
24 Three Hundred Dollars (\$300.00). Payment shall be made upon Respondent's execution of
25 this Agreement.
26

27 6. Respondent agrees to immediately cease conducting any activity at the unlicensed
28 office located at 4773 Caughlin Pkwy, Suite 1, Reno Nevada until such time as the branch

1 license is issued by the Division.

2 7. Respondent agrees to submit completed mortgage agent applications for all of the
3 above named individuals to the Division by close of business on August 20, 2009. The
4 Division will, for purposes of settling this matter, consider the above named individuals to be
5 operating only under Respondent's mortgage banker license until such time as each
6 individual mortgage agent license is verified and a license is issued; however, the individuals
7 may not conduct any activity prescribed only in NRS 645B until such time as their mortgage
8 agent license is issued. Applicants not deemed to meet the prescribed standards will be
9 issued a license denial by the Division but will be given the opportunity to request a hearing.
10

11 8. Respondent agrees that in the event it violates any of the provisions of this
12 Agreement, the Division shall retain any and all remedies available to it in accordance with
13 NRS Chapter 645B.

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

17 10. The parties represent and warrant that the person executing this Agreement on
18 behalf of each party has full power and authority to do so, and has the legal capacity to
19 conduct the legal obligations assigned to it hereunder.
20

21 11. Respondent further acknowledges and agrees that the Division shall retain the
22 original of this Agreement.

23 12. This Agreement may be signed in counterparts and a facsimile signature shall be
24 deemed as valid as an original; however, Respondent shall immediately forward all original
25 signature pages to the Division.
26

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

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

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

6 16. Failure to declare a breach or the actual waiver of any particular breach of the
7 Agreement or its material terms, by either party, shall not operate as a waiver by such party of
8 any of its rights or remedies as to any other breach.

9 17. Respondent has the right to retain an attorney to review this Agreement at its sole
10 cost and expense and has freely and voluntarily chosen not to do so.

11 18. Other than the fines and investigatory costs set forth herein, each side shall pay its
12 own costs and fees, including attorney's fees.

13 19. If any provision contained in this Agreement is held to be unenforceable by a court
14 of law or equity, this Agreement shall be construed as if such a provision(s) did not exist and
15 the unenforceability of such provision(s) shall not be held to render any other provision(s) of
16 this Agreement unenforceable.

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

22 21. **NOTICE TO RESPONDENT:** By executing this Agreement, you hereby agree that
23 you are waiving certain rights as set forth herein. As Respondent, you are specifically
24 informed that you have the right to request that the Division file an administrative complaint
25 against you; and at any hearing on such a complaint, you would have the right to appear and
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1 be heard in your defense, either personally or through your counsel of choice. If the Division
2 were to file a complaint, at the hearing the Division would have the burden of proving the
3 allegations in the complaint and would call witnesses and present evidence against you. You
4 would have the right to respond and to present relevant evidence and argument on all issues
5 involved. You would have the right to call and examine witnesses, introduce exhibits, and
6 cross-examine opposing witnesses on any matter relevant to the issues involved.

7 You would have the right to request that the Commissioner of the Division issue
8 subpoenas to compel witnesses to testify and/or present evidence to be offered on your
9 behalf. In making this request, you may be required to demonstrate the relevance of the
10 witness's testimony and/or evidence. Other important rights you have are listed in NRS
11 Chapter 645B and NRS Chapter 233B.
12

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

16 23. In consideration of the execution of this Agreement, Respondent for itself, its
17 owners, and its heirs, executors, administrators, successors, and assigns, hereby releases,
18 remises, and forever discharges the State of Nevada, Department of Business and Industry of
19 the State of Nevada, the Division, and each of their members, agents, attorneys (including
20 any and all employees of the Nevada Attorney General), and employees in their individual
21 and representative capacities, from any and all manner of actions, causes of action, suits,
22 debts, judgments, executions, claims, and demands whatsoever, known and unknown, in law
23 or equity, that Respondent ever had, now has, may have, or claim to have against any or all of
24 the persons or entities named in this section, arising out of or by reason of the Division's
25 investigation into this matter and all other matters relating thereto.
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1 24. Respondent hereby indemnifies and holds harmless the State of Nevada,
2 Department of Business and Industry of the State of Nevada, the Division, and each of their
3 members, agents, and employees, and employees of the Nevada Attorney General in their
4 individual and representative capacities against any and all claims, suits, and actions brought
5 against said persons and/or entities by reason of the Division's investigation into this matter,
6 this Agreement, and all other matters relating thereto, and against any and all expenses,
7 damages, and costs, including court costs and attorney fees, which may be sustained by the
8 persons and/or entities named in this section as a result of said claims, suits, and actions.
9

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

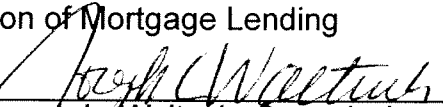
12
13 DATED this 11 day of August, 2009.

14 Academy Mortgage Corporation

15
16 By: 
17 Its: President

18 DATED this 21st day of August, 2009.

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

23 By: 
24 Joseph L. Waltuch, Commissioner

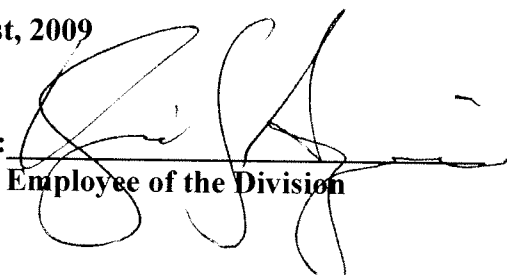
CERTIFICATE OF SERVICE

I certify that I am an employee of the State of Nevada, Department of Business and Industry, Division of Mortgage Lending, and that on August 26, 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 **ACADEMY MORTGAGE CORPORATION**, addressed as follows:

**Adam Kessler
Academy Mortgage Corporation
1218 East 7800 South, # 100
Sandy, UT 84094**

Certified Receipt Number: 7006 2760 0000 0875 9117

DATED this 24th day of August, 2009

By: 
Employee of the Division