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

In re:

First Option Mortgage, LLC dba First
Option Mortgage

Respondent.

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STIPULATED SETTLEMENT AGREEMENT

The licensing and regulation of mortgage brokers, mortgage bankers and escrow agencies in the State of Nevada is governed by Chapter 645B, Chapter 645E and Chapter 645A of the Nevada Revised Statutes (hereinafter "NRS"), respectively, and the regulations promulgated thereunder. 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, mortgage bankers and escrow agencies pursuant to these chapters. Pursuant to that authority, the Division hereby enters into the following Stipulated Settlement Agreement (hereinafter "Agreement") with First Option Mortgage, LLC dba First Option Mortgage (hereinafter "Respondent"), as follows:

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RECITALS

WHEREAS, Respondent is a Georgia limited liability company and currently Respondent's status with the Nevada Secretary of State is "active."

WHEREAS, pursuant to NRS 645B, Respondent was issued a mortgage broker license on June 3, 2005, and its current status with the Division is listed as "active."

WHEREAS, at all relevant times herein mentioned, Respondent conducted mortgage lending activity in the State of Nevada out of its office located at 3800 Howard Hughes

1 Parkway, Suite 1220, Las Vegas, Nevada 89169 (hereinafter "Respondent's Licensed
2 Office").

3 WHEREAS, pursuant to NRS 645B.450, "(a) mortgage broker shall not associate with
4 or employ a person as a mortgage agent or authorize a person to be associated with the
5 mortgage broker as a mortgage agent if the mortgage agent is not licensed with the Division
6 pursuant to NRS 645B.410...." See, NRS 645B.450(2).

7 WHEREAS, pursuant to NRS 645B.060, and with limited exception, the Division is
8 charged with conducting "...an annual examination of each mortgage broker doing business
9 in this State...." See, NRS 645B.060(2)(d).

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11 WHEREAS, pursuant to NRS 645B.460, "(a) mortgage broker shall exercise
12 reasonable supervision over the activities of his mortgage agents. Such reasonable
13 supervision must include, as appropriate (t)he establishment of written or oral policies and
14 procedures for his mortgage agents; and (t)he establishment of a system to review, oversee
15 and inspect the activities of his mortgage agents, including, without limitation...(t)ransactions
16 handled by his mortgage agents pursuant to this chapter...(d)ocuments prepared by his
17 mortgage agents that may have a material effect upon the rights or obligations of a party to
18 such a transaction...." See, NRS 645B.460(1)(a), (b)(1), (3).

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20 WHEREAS, pursuant to NRS 645B.060, the Division conducted a regularly scheduled
21 examination of Respondent's books and records which commenced on November 3, 2009,
22 and which disclosed that Respondent employed or otherwise utilized the services of Adan
23 Xavier Saldana ("Saldana") as a mortgage agent while Saldana was not licensed by the
24 Division as a mortgage agent or exempt from the licensing requirements.

25 WHEREAS, on or about March 5, 2010 the Division served upon Respondent a Notice
26 of Intent to Impose Fine and Notice of Right to Request Hearing (the "Notice") regarding
27 Saldana's unlicensed mortgage agent activities.
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1 WHEREAS, on or about January 21, 2010, the Division received information from a
2 former employee of Respondent that Respondent was employing individuals as 'trainees' who
3 were, in fact, holding themselves out, and conducting activities, as mortgage agents.

4 WHEREAS, upon receipt of the information from Respondent's former employee, the
5 Division conducted an investigation regarding the allegations made by the former employee
6 and determined that Respondent did, in fact, employ three trainees (known as "AS," "JK,"
7 and "KF") in the capacity of mortgage agents without such trainees being licensed by the
8 Division as mortgage agents.

9 WHEREAS, upon further investigation into the matter described above it was
10 determined the Respondent employed an employee (known as "RF") in the capacity of a
11 mortgage agent without RF's license with the Division being associated with the Respondent.
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13 WHEREAS, NRS 645B.670 provides that, "(f)or each violation committed by a
14 mortgage broker, the Commissioner may impose upon the mortgage broker an administrative
15 fine of not more than \$25,000, may suspend, revoke or place conditions upon his license, or
16 may do both, if the mortgage broker...(d)oes not conduct his business in accordance with law
17 or has violated any provision of this chapter, a regulation adopted pursuant to this chapter or
18 an order of the Commissioner...(h)as failed to exercise reasonable supervision over the
19 activities of a mortgage agent as required by NRS 645B.460..." See, NRS 645B.670(2)(c), (q).
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21 WHEREAS, after settlement negotiations, the Division and Respondent (collectively,
22 the "Parties") wish to resolve the Notice without any further proceedings and this matter as it
23 relates to the three trainees (AS, JK and KF) and employee RF without the necessity of the
24 filing of a complaint or a formal hearing.

25 NOW, THEREFORE, in consideration of the representations, covenants and
26 conditions set forth herein, IT IS HEREBY STIPULATED AND AGREED by the Parties that
27 the purported violations of NRS shall be settled on the following terms and conditions:
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1 1. Respondent admits that Saldana, AS, JK and KF held themselves out as mortgage
2 agents, and conducted mortgage agent activities, without being licensed by the Division, in
3 violation of NRS 645B.450.

4 2. Respondent admits that it employed RF in the capacity of a mortgage agent without
5 RF being associated with the Respondent, in violation of NRS 645B.400.

6 3. Respondent shall, pursuant to NRS 645B.670 and/or NRS 622.400, pay to the
7 Division an administrative fine in the amount of Thirty Thousand Dollars and No Cents
8 (\$30,000.00). However, in light of Respondent's admission of wrongdoing and the corrective
9 actions Respondent has taken to change its training and employment policies so as not to
10 again be in violation of NRS 645B.450 and 645B.400, the parties agree that the Division shall
11 suspend the payment of Fifteen Thousand Dollars and No Cents (\$15,000.00) for a period of
12 24 months from the date the Division executes this Agreement on condition that the
13 Respondent fully comply with NRS Chapter 645B. and NAC Chapter 645B and with each and
14 every law and regulation applicable to it and the conduct of its business and a repeat violation
15 of the same nature is not discovered during the next two examinations of the Respondent
16 conducted by the Division. If within 24 months of the execution of this Agreement by the
17 Division it is determined by the Division that the Respondent has violated any of the
18 foregoing, the administrative fine levied against Respondent shall revert to the originally
19 specified sum of Thirty Thousand (\$30,000.00) and shall become immediately due and
20 payable to the Division. Payment of the initial \$15,000.00 shall be made upon Respondent's
21 execution of this Agreement.
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24 4. Respondent shall also pay to the Division the sum of \$1,680.00 for its costs of
25 investigation and \$142.55 for attorney fees incurred herein. Such payment shall be made
26 upon Respondent's execution of this Agreement.
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1 5. The Notice served upon Respondent on or about March 5, 2010 is hereby
2 rescinded.

3 6. Respondent further agrees that in the event 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 7. 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 8. The Parties represent and warrant that the persons executing this 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 9. Respondent further acknowledges and agrees that the Division shall keep the
13 original of this Agreement.

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

17 11. This 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 12. Any action to enforce this Agreement shall be brought in the Eighth Judicial District
20 Court of the State of Nevada in and for Clark County.

21 13. If the Division is successful in any action to enforce this Agreement, the court may
22 award it attorney's fees. It is specifically agreed that reasonable attorney's fees for the State-
23 employed attorneys shall be \$142.55 per hour.

24 14. Failure to declare a breach or the actual waiver of any particular breach of this
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 15. Respondent has the right to retain an attorney to review this Agreement at its sole
3 cost and expense and has freely and voluntarily chosen not to do so.

4 16. Other than the fine, costs of investigation and attorney fees set forth herein, each
5 side shall pay its own costs and fees, including attorney's fees.

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

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

15 19. **NOTICE TO RESPONDENT:** By executing this Agreement, you hereby agree that
16 you are waiving certain rights as set forth herein. As Respondent, you are specifically
17 informed that you have the right to request that the Division file an administrative complaint
18 against you, if one has not already been filed, and at any hearing on such a complaint, you
19 would have the right to appear and be heard in your defense, either personally or through
20 your counsel of choice. If the Division were to file a complaint, at the hearing, the Division
21 would have the burden of proving the allegations in the complaint and would call witnesses
22 and present evidence against you. You would have the right to respond and to present
23 relevant evidence and argument on all issues involved. You would have the right to call and
24 examine witnesses, introduce exhibits, and cross-examine opposing witnesses on any matter
25 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 offer evidence on your behalf. In making this
3 request, you may be required to demonstrate the relevance of the witness's testimony and/or
4 evidence. Other important rights you have are listed in NRS Chapter 645E and NRS
5 Chapter 233B.

6 Respondent waives its rights to a hearing in this matter.

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8 20. Respondent understands and agrees that this Agreement may be used to show
9 that past violations have occurred should any future disciplinary action be taken by the
10 Division.

11 21. In consideration of the execution of this Agreement, Respondent, for itself, its
12 owners, heirs, executors, administrators, successors, and assigns, hereby releases, remises,
13 and forever discharges the State of Nevada, the Department of Business and Industry of the
14 State of Nevada, the Division, and each of their members, agents, attorneys (including any
15 and all employees of the Nevada Attorney General), and employees in their individual and
16 representative capacities, from any and all manner of actions, causes of action, suits, debts,
17 judgments, executions, claims, and demands whatsoever, known and unknown, in law or
18 equity, that Respondent ever had, now has, may have, or claim to have against any or all of
19 the persons or entities named in this section, arising out of or by reason of the Division's
20 examination of Respondent, and all other matters relating thereto.

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22 22. Respondent hereby indemnifies and holds harmless the State of Nevada, the
23 Department of Business and Industry of the State of Nevada, the Division, and each of their
24 members, agents, and employees, and employees of the Nevada Attorney General in their
25 individual and representative capacities against any and all claims, suits, and actions brought
26 against said persons and/or entities by reason of the Division's examination of Respondent,
27 this Agreement, and all other matters relating thereto, and against any and all expenses,
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1 damages, and costs, including court costs and attorney fees, which may be sustained by the
2 persons and/or entities named in this section as a result of said claims, suits, and actions.

3 IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be signed
4 and intend to be legally bound thereby. This Agreement shall be deemed to be an order of
5 the Commissioner.

6 Dated this 18 day of May, 2010.

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8 First Option Mortgage LLC dba
First Option Mortgage

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10 By: 

11 Title: Managing Partner

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14 Dated this 20th day of May, 2010.

15 State of Nevada
16 Department of Business and Industry
17 Division of Mortgage Lending

18 By: 

19 Joseph L. Waltuch, Commissioner
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