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

In re:

First Option Mortgage, LLC dba First Option Mortgage

Respondent.

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:

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

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

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

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

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

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

WHEREAS, on or about March 5, 2010 the Division served upon Respondent a Notice of Intent to Impose Fine and Notice of Right to Request Hearing (the "Notice") regarding Saldana's unlicensed mortgage agent activities.

WHEREAS, on or about January 21, 2010, the Division received information from a former employee of Respondent that Respondent was employing individuals as 'trainees' who were, in fact, holding themselves out, and conducting activities, as mortgage agents.

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

WHEREAS, upon further investigation into the matter described above it was determined the Respondent employed an employee (known as "RF") in the capacity of a mortgage agent without RF's license with the Division being associated with the Respondent.

WHEREAS, NRS 645B.670 provides that, "(f)or each violation committed by a mortgage broker, the Commissioner may impose upon the mortgage broker an administrative fine of not more than $25,000, may suspend, revoke or place conditions upon his license, or may do both, if the mortgage broker...(d)oes not conduct his business in accordance with law or has violated any provision of this chapter, a regulation adopted pursuant to this chapter or an order of the Commissioner...(h)as failed to exercise reasonable supervision over the activities of a mortgage agent as required by NRS 645B.460..." *See*, NRS 645B.670(2)(c), (q).

WHEREAS, after settlement negotiations, the Division and Respondent (collectively, the "Parties") wish to resolve the Notice without any further proceedings and this matter as it relates to the three trainees (AS, JK and KF) and employee RF without the necessity of the filing of a complaint or a formal hearing.

NOW, THEREFORE, in consideration of the representations, covenants and conditions set forth herein, IT IS HEREBY STIPULATED AND AGREED by the Parties that the purported violations of NRS shall be settled on the following terms and conditions:

1. Respondent admits that Saldana, AS, JK and KF held themselves out as mortgage agents, and conducted mortgage agent activities, without being licensed by the Division, in violation of NRS 645B.450.

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

3. Respondent shall, pursuant to NRS 645B.670 and/or NRS 622.400, pay to the Division an administrative fine in the amount of Thirty Thousand Dollars and No Cents ($30,000.00). However, in light of Respondent's admission of wrongdoing and the corrective actions Respondent has taken to change its training and employment policies so as not to again be in violation of NRS 645B.450 and 645B.400, the parties agree that the Division shall suspend the payment of Fifteen Thousand Dollars and No Cents ($15,000.00) for a period of 24 months from the date the Division executes this Agreement on condition that the Respondent fully comply with NRS Chapter 645B. and NAC Chapter 645B and with each and every law and regulation applicable to it and the conduct of its business and a repeat violation of the same nature is not discovered during the next two examinations of the Respondent conducted by the Division. If within 24 months of the execution of this Agreement by the Division it is determined by the Division that the Respondent has violated any of the foregoing, the administrative fine levied against Respondent shall revert to the originally specified sum of Thirty Thousand ($30,000.00) and shall become immediately due and payable to the Division. Payment of the initial $15,000.00 shall be made upon Respondent's execution of this Agreement.

4. Respondent shall also pay to the Division the sum of $1,680.00 for its costs of investigation and $142.55 for attorney fees incurred herein. Such payment shall be made upon Respondent's execution of this Agreement.

5. The Notice served upon Respondent on or about March 5, 2010 is hereby rescinded.

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

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

8. The Parties represent and warrant that the persons executing this Agreement on behalf of each party has full power and authority to do so, and has the legal capacity to conduct the legal obligations assigned to it hereunder.

9. Respondent further acknowledges and agrees that the Division shall keep the original of this Agreement.

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

11. This Agreement, as well as the rights and obligations of the Parties hereto, shall be interpreted, governed, and construed pursuant to the laws of the State of Nevada.

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

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

14. Failure to declare a breach or the actual waiver of any particular breach of this Agreement or its material terms, by either party, shall not operate as a waiver by such party of

any of its rights or remedies as to any other breach.

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

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

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

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

19. **NOTICE TO RESPONDENT:** By executing this Agreement, you hereby agree that you are waiving certain rights as set forth herein. As Respondent, you are specifically informed that you have the right to request that the Division file an administrative complaint against you, if one has not already been filed, and at any hearing on such a complaint, you would have the right to appear and be heard in your defense, either personally or through your counsel of choice. If the Division were to file a complaint, at the hearing, the Division would have the burden of proving the allegations in the complaint and would call witnesses and present evidence against you. You would have the right to respond and to present relevant evidence and argument on all issues involved. You would have the right to call and examine witnesses, introduce exhibits, and cross-examine opposing witnesses on any matter relevant to the issues involved.

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

Respondent waives its rights to a hearing in this matter.

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

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

22. Respondent hereby indemnifies and holds harmless the State of Nevada, the Department of Business and Industry of the State of Nevada, the Division, and each of their members, agents, and employees, and employees of the Nevada Attorney General in their individual and representative capacities against any and all claims, suits, and actions brought against said persons and/or entities by reason of the Division's examination of Respondent, this Agreement, and all other matters relating thereto, and against any and all expenses,

damages, and costs, including court costs and attorney fees, which may be sustained by the persons and/or entities named in this section as a result of said claims, suits, and actions.

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

Dated this 18 day of May, 2010.

First Option Mortgage LLC dba
First Option Mortgage

By: _____

Title: Managing Partner

Dated this 20th day of May, 2010.

State of Nevada
Department of Business and Industry
Division of Mortgage Lending

By: _____
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 , May 21, 2010, 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 FIRST OPTION MORTGAGE, LLC DBA FIRST OPTION MORTGAGE, addressed as follows:

Phillip Aurich
First Option Mortgage
3800 Howard Hughes Parkway, Suite 1220
Las Vegas, NV 89169

Certified Receipt Number: 7006 2760 0000 0876 3251

Kurt Nikolai
First Option Mortgage
400 Galleria Parkway, Suite 1600
Atlanta, GA 30339

Certified Receipt Number: 7006 2760 0000 0876 3268

DATED this 20th day of May, 2010

By: Susan Slack
Employee of the Division