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

In re:

CM Capital Services, LLC fka
Consolidated Mortgage Company, LLC

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 CM Capital Services, LLC formerly known as Consolidated Mortgage Company, LLC (hereinafter the "Respondent") as follows:

RECITALS

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

WHEREAS, Respondent was first registered with the Financial Institutions Division in 1977 and was subsequently licensed by the Division as a mortgage broker (License No. 284), pursuant to Chapter 645B of NRS. At all relevant times herein mentioned, Respondent operated and continues to operate within the State of Nevada as a licensed mortgage broker

and the Division classifies Respondent's license as "active".

WHEREAS, at all relevant times herein mentioned, Respondent conducted mortgage broker activity out of its licensed office located at 1291 Galleria Drive, Suite 220, Henderson, Nevada 89014.

WHEREAS, pursuant to NRS 645B.060, and with limited exceptions, the Division is charged with conducting "...such other examinations, periodic or special audits, investigations and hearings as may be necessary and proper for the efficient administration of the laws of this State regarding mortgage brokers and mortgage agents..." *See*, NRS 645B.060(2)(d).

WHEREAS, pursuant to NRS 645B.060, the Division conducted a regularly scheduled examination of Respondent's books and records commencing in January 2009 and in which several prior complaints received against Respondent were reviewed.

WHEREAS, pursuant to NRS 645B.670 as it existed at the time of most of the violations noted herein, and with limited exceptions, "(f)or each violation committed by a mortgage broker, the Commissioner may impose upon the mortgage broker an administrative penalty of not more than $10,000, 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...." *See,* NRS 645B.670(2)(c). (The administrative penalty provisions were raised to $25,000 upon enactment of Assembly Bill 523 of the 2009 (75th) Legislative session.)

WHEREAS, after settlement negotiations, the Division and Respondent (collectively, the "Parties") wish to resolve the issues arising out of the January 2009 examination without the necessity of the filing of a complaint for 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 discovered during the January 2009 examination shall be settled on the following terms and conditions:

LICENSURE CONDITIONS

1. Respondent shall not make or arrange any unfunded equity loan. For purposes of this Agreement, an 'unfunded equity loan' is a mortgage loan that is not fully funded with money at the time of disbursement of the loan proceeds to the debtor, pursuant to NRS 645B.175 (3)(a), which states in relevant part: "All money received by a mortgage broker and his or her mortgage agents from an investor to acquire ownership of or a beneficial interest in a loan secured by a lien on real property must not be released to the debtor or the debtor's designee unless the amount released is equal to the total amount of money which is being loaned to the debtor for that loan, less the amount due the mortgage broker for the payment of any fee or service charge."

Respondent shall not place a debtor in a loan as an investor unless the debtor has fully funded his investment position with money.

2. Unless otherwise permitted by NRS 645B.340, Respondent's loan documents must include the requirements that Respondent obtain the vote of 51% of the holders of the beneficial interests in its loans for actions requiring the investors' direction or approval.

Respondent shall obtain the written vote of investors when a vote is required by its documents, and keep and maintain complete written records of all votes taken. Respondent shall provide an accounting of any vote taken upon the written request of an investor.

3. Respondent shall not release moneys out of a construction control account except upon the written consent of the debtor. Such consent may be included within the written construction control agreement, promissory note or other document executed by the borrower.

Respondent agrees that moneys in a construction control account are moneys belonging to the debtor, and such moneys shall only be released in accordance with the

construction control agreement or other documents executed by the debtor. Respondent shall not release moneys from a construction control account to persons who do not have contractual or legal rights to receive those moneys.

In the event the documents executed by the debtor permit the Respondent to release moneys from the construction control account to the Respondent in event of the debtor's default, Respondent agrees that the moneys so released shall be placed into the investors' collection trust accounts as moneys belonging to the investors; provided, however, that any investor may agree in writing that his or her portion of such moneys can be released directly into Respondent's general operating account in order to reimburse Respondent for costs incurred on behalf of such investor or to cover the anticipated costs relating to the default, including foreclosure fees and costs. Respondent shall keep accurate records of all moneys released from construction control accounts and all consents given by investors to release such moneys directly into Respondent's general operating account.

Respondent agrees that moneys in an interest reserve account are moneys belonging to the investors for the particular loan for which they are held. Respondent shall only release moneys from an interest reserve account to the investor to whom the moneys are owed in such loan unless the investor waives in writing his right to receive such moneys or otherwise gives written permission to Respondent to release such moneys to another person, including Respondent.

Respondent shall not utilize any power of attorney provided by an investor, or act as an attorney-in-fact for any investor, for the purpose of obtaining the written waiver of an investor or written permission given by an investor pursuant to this subsection 3.

4. Respondent shall not utilize a fact sheet or other material that advertises or solicits for investments that contain any materially inaccurate or misleading information, or fails to include material information and will not make any untrue statement of material fact and/or

omit to state material facts which are necessary for investors to make proper investment decisions.

In all advertisements directed to potential investors, including print and electronic media, Respondent will disclose its full name, address and telephone number on the face of the advertising materials or, in the case of electronic media, either displayed on the face of such media or on a "disclaimer" link thereon. Respondent will not utilize any 'infomercial,' 'wealth building' program or other similar form of media marketing that does not specifically disclose the foregoing and that it is a program sponsored by Respondent; and in the case of electronic media, the disclosure shall be on the face of the material or disclosed on a "disclaimer" link located thereon. In any telemarketing directed to potential investors by Respondent, Respondent shall disclose its full name, address, and telephone number.

Respondent will establish on its website, or otherwise distribute to each of Respondent's investors, a newsletter or other document or information that provides a status report for each loan transaction made or arranged by Respondent for that investor that has not been paid off or the obligation otherwise satisfied. Such newsletter or other document shall be updated and posted or distributed no less frequently than monthly. Respondent may require that an investor obtain a password or other means for logging in to such investor's personal account in order to obtain the information required herein.

Respondent will promptly respond to investor telephone calls or written communications or inquiries upon the receipt thereof. In the event Respondent cannot adequately answer or resolve the investor's issue at the time of its initial response, Respondent must advise the investor thereof and resolve the issue within a reasonable time period thereafter or give a written statement of why such issue cannot be fully resolved.

5. Respondent shall provide a disclosure and authorization form to each investor to determine if such investor wishes his or her name, address, telephone number and email

address, as applicable ("Identifying Information"), shared with other investors. Respondent shall share such identifying information between those investors who authorize such sharing. Otherwise Respondent shall have no obligation to disclose the Identifying Information of any investor to other investors except as otherwise may be required by law.

6. Respondent shall neither request nor accept from any investor a waiver of any disclosure required by this Agreement.

7. Respondent agrees to submit to the Division no later than February 28, 2011 a financial statement providing evidence of solvency and which has been prepared by an independent public accountant who holds a permit to engage in the practice of public accounting in Nevada.

LIMITED LIABILITY COMPANIES (LLC'S)

In order to assist members of LLC's that are managed by Respondent:

a. Promptly upon the Division's execution of this Agreement, Respondent shall offer to resign as the manager of every LLC that owns properties taken back from debtors through foreclosure or a deed in lieu of foreclosure or similar proceeding and in which Respondent (or an affiliate or affiliates of Respondent) does not own more than 50% of the membership interests in the LLC. Said resignation shall not become effective, however, until Respondent is notified in writing of the name, address, telephone number and email address of a new manager appointed by the remaining members of the LLC. Respondent shall be entitled to conclusively rely on the certification of the new manager regarding any vote to change managers and such new manager's appointment as manager of the LLC.

b. Respondent shall not intentionally interfere with any vote undertaken by the remaining members of the LLC in their selection of a new manager. Respondent agrees to assist in the orderly and timely transfer of management duties, including the delivery to the successor manager of all applicable documents related thereto and to the LLC, without a

transfer charge to the new manager or members, and as reasonably instructed to do so in writing by the successor manager.

c. Regardless of whether or not Respondent (or an affiliate or affiliates of Respondent) owns more than 50% of the membership interests in the LLC, upon the Division's execution of this Agreement, Respondent waives any:

(i) Mandatory arbitration provision contained in its LLC operating agreements, whether or not Respondent is the manager thereof.

d. Upon the transfer to a new manager of an LLC, Respondent shall provide such information in Respondent's control or possession to any manager of such an LLC in order to assist any member in preparing letters to appropriate taxing authorities regarding outstanding tax matters such as determining loss for tax purposes. Respondent shall provide such information without charge.

e. Respondent shall neither maintain nor place LLC moneys into its general operating account, but shall instead deposit such moneys into a separate account for those LLC's that it manages. The vesting of such account(s) shall be in a manner that provides each LLC with the maximum amount of federal deposit insurance for which it qualifies.

PENALTY

1. Respondent shall, pursuant to NRS 645B.670 and/or NRS 622.400, pay to the Division an administrative penalty in the amount of Two Hundred Thousand Dollars ($200,000.00).

2. For purposes of NRS 622.400, Respondent does not contest that it has violated the provisions of chapter 645B of NRS. Respondent shall also pay to the Division the sum of $10,065.00 for its costs of investigation incurred herein and the sum of $4,935.00 for attorney fees incurred herein.

Said payments shall be made upon Respondent's execution of this Agreement.

3. All payments to the Division shall be made by electronic means, and payment instructions shall be provided to the Respondent in a separate memorandum.

MISCELLANEOUS

4. 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.

5. The parties agree and acknowledge that this Agreement shall constitute the complete and final resolution of any issues arising out of the Division's January 2009 and prior examinations, including six (6) additional loans disclosed to the Division that were not part of the 2009 examination and which were out of compliance.

6. 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.

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

8. 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.

9. Each party acknowledges that it has been represented by counsel of its own choice in this matter.

10. 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.

11. 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.

12. 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.

13. 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.

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

15. 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.

16. 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.

17. The parties agree that this Agreement is solely for the limited purposes described herein and shall not be used for any other purposes whatsoever by any third party.

18. **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 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 645B and NRS Chapter 233B.

Respondent waives its rights to have an administrative complaint filed and its rights to a hearing in this matter.

19. 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.

20. In consideration of the execution of this Agreement, Respondent, for itself, its owners, heirs, executors, administrators, successors, and assigns, hereby release, remise, and forever discharge 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.

21. 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 21ST day of JAN, 2011.

CM Capital Services, LLC

By: _____

Title: CEO

Dated this 10th day of February, 2011.

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, February 11, 2011, 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 CM CAPITAL SERVICES, LLC FKA CONSOLIDATED MORTGAGE COMPANY, LLC, addressed as follows:

Todd Parriott
CM Capital Services
1291 Galleria Dr. Ste. 220
Henderson, NV 89014

Certified Receipt Number: 7009 2250 0001 8861 0791

DATED this 10th day of February, 2011

By: Susan Slack
Employee of the Division