STATE OF NEVADA

DEPARTMENT OF BUSINESS AND INDUSTRY

DIVISION OF MORTGAGE LENDING

In re:

US Loan Modification Services, LLC
Jeff Strum and Gail Strum,

Respondents.

FINAL ORDER

The State of Nevada, Department of Business and Industry, Division of Mortgage Lending (the "Division"), having issued US Loan Modification Services, LLC, Jeff Strum and Gail Strum ("Respondents") a Notice of Intent to Revoke Covered Service Provider License and Notice of Intent to Revoke Associated Licensee Licenses and Notice of Right to Request Hearing on January 24, 2011, attached hereto as Exhibit "1" and incorporated herein by reference, which notified Respondents that a final order would issue in this matter unless Respondents requested a hearing to contest the charges against it, within twenty (20) days of issuance of said Order, and;

Said Order having been served to Respondents via certified mail and regular mail on January 27, 2011 and received by Respondents on January 28, 2011, and;

Respondents having failed to request a hearing in this matter, and good cause appearing:

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IT IS HEREBY ORDERED that, pursuant to NRS 622.080, NRS Chapter 645F and the Regulation, that Respondent U.S. Loan's independent licensee covered service provider license is **REVOKED**.

IT IS FURTHER ORDERED that Respondent JS's and GS's associated licensee licenses are **REVOKED**. In addition, Respondents will be subject to the administrative fines, fees and/or costs as set forth in the original Order attached hereto as Exhibit "1".

IT IS FURTHER ORDERED that the sum of said administrative fines, fees and/or costs be paid in full within **thirty (30) days** of entry of this Order;

Dated this 22nd day of February, 2011.

By: [redacted]
Nancy Corbin, Acting Commissioner
State of Nevada
Department of Business and Industry
Division of Mortgage Lending

EXHIBIT “1”

STATE OF NEVADA

DEPARTMENT OF BUSINESS AND INDUSTRY

DIVISION OF MORTGAGE LENDING

In re:

US Loan Modification Services, LLC
Jeff Strum and Gail Strum

Respondents.

NOTICE OF INTENT TO REVOKE COVERED SERVICE PROVIDER LICENSE AND NOTICE OF INTENT TO REVOKE ASSOCIATED LICENSEE LICENSES AND NOTICE OF RIGHT TO REQUEST HEARING

The licensing and regulation of loan modification consultants, foreclosure consultants and other persons providing 'covered services' as defined in Nevada Revised Statutes ("NRS") 645F.310 in the State of Nevada is governed by Chapter 645F of NRS and by permanent regulation R052-09 promulgated pursuant thereto (the "Regulation"). 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 covered service providers, foreclosure consultants and loan modification consultants. *See* Chapter 645F of NRS and the Regulation. Pursuant to that authority, the Division makes the following Factual Allegations, Violations of Law, and Order, as follows:

FACTUAL ALLEGATIONS

1. Based upon information and belief, and at all relevant times herein mentioned, U.S. Loan Modification Services ("U.S. Loan") was and is a Nevada limited liability company with an office located at 2461Professional Court #110, Las Vegas, Nevada. Currently, U. S. Loan's status with the Nevada Secretary of State is "active."

2. On approximately January 27 2010, the Division issued U.S. Loan an independent licensee covered service provider license (License No. 3351). The Division currently classifies U.S. Loan's license as "closed."

3. Based upon information and belief, and at all relevant times herein mentioned, Jeff Strum ("JS"), an individual, and Gail Strum ("GS"), an individual, were the owners, officers, employees and managers of U.S. Loan.

4. On approximately January 27, 2010, the Division issued JS an associated licensee license (License No. 46769) as an employee of U.S. Loan. The Division currently classifies JS's license as "inactive."

5. On approximately January 12, 2010, the Division issued GS an associated licensee license (License No. 46768) as an employee of U.S. Loan. The Division currently classifies GS's license as "inactive."

6. U.S. Loan, JS and GS are hereinafter referred to as Respondent or Respondents as the context requires.

7. Pursuant to the Regulation, "[i]n addition to the other duties imposed upon the Commissioner by law for the general supervision of licensees, the Commissioner will...[c]onduct an examination of each independent licensee doing business in this State within 3 months after the independent licensee commences business in this State and at least annually thereafter..." *See* the Regulation, Section 63.

8. Pursuant to Section 63 of the Regulation, the Division commenced a regularly scheduled annual examination of Respondent U.S. Loan on April 5, 2010 which revealed, among other things, that Respondents:

a. Failed to place moneys collected from homeowners for the provision of covered services into a separate trust account at a federally insured depository institution located in this state and designated as "trust funds," "escrow accounts," or some other

appropriate name indicating the funds did not belong to Respondent, and commingled homeowners' money with its own;

b. Failed to keep and maintain complete and suitable records of all covered services transactions that were conducted, including, but not limited to, records related to the trust account(s) which clearly identify: the name, address and telephone number of each homeowner; the account number of each loan; the address and contact information of each lender or loan servicer related to each loan; the amount and date of each deposit; and the amount and date of each withdrawal with the name of each recipient;

c. Failed to reconcile their bank accounts and/or failed to have monthly reconciled balances on deposits equal to all moneys collected and deposited and not yet legitimately disbursed;

d. Withdrew moneys collected from homeowners from their bank account without being able to explain what the money was used for; and

e. Utilized or converted trust moneys for their own personal business purposes.

9. Pursuant to NRS 645F.394, "[a]ll money paid to a person who performs any covered service for compensation, a foreclosure consultant or a loan modification consultant by a person in full or partial payment of covered services to be performed: (a) [m]ust be deposited in a separate checking account located in a federally insured depository financial institution or credit union in this State which must be designated a trust account; (b) [m]ust be kept separate from money belonging to the person who performs any covered service for compensation, the foreclosure consultant or the loan modification consultant; and (c) [m]ust not be withdrawn by the person who performs any covered service for compensation, foreclosure consultant or loan modification consultant until the completion of every covered service as agreed upon in the contract for covered services." *See* NRS 645F.394(1).

10. Pursuant to Section 73 of the Regulation, "a 'separate trust account' means a trust account maintained with a federally insured depository institution located in this State that is separate from accounts belonging to the independent licensee. The trust account: [m]ust at all times have a reconciled balance on deposit equal to all money collected and deposited and not yet legitimately disbursed... [and] [m]ust be reconciled monthly by the independent licensee..."

11. Pursuant to NRS 645F.394, "[t]he person who performs any covered service for compensation, the foreclosure consultant or the loan modification consultant shall keep records of all money deposited in a trust account pursuant to subsection 1. The records must clearly indicate the date and from whom he or she received money, the date deposited, the dates of withdrawals, and other pertinent information concerning the transaction, and must show clearly for whose account the money is deposited and to whom the money belongs. The person who performs any covered service for compensation, the foreclosure consultant or the loan modification consultant shall balance each separate trust account at least monthly and provide to the Commissioner, on a form provided by the Commissioner, an annual accounting which shows an annual reconciliation of each separate trust account. All such records and money are subject to inspection and audit by the Commissioner and authorized representatives of the Commissioner." See NRS 645F.394(2).

12. Pursuant to Section 80 of the Regulation, "1. As a condition to doing business in this State, each independent licensee shall deposit with the Commissioner and keep in full force and effect a surety bond payable to the State of Nevada, in the amount set forth in subsection 4, which is executed by a corporate surety satisfactory to the Commissioner and which names as principals the independent licensee and all associated licensees employed by or otherwise associated with the independent licensee."

13. Pursuant to Section 74 of the Regulation "1. Except as otherwise provided in this section, not later than 120 days after the last day of each fiscal year for an independent licensee, the independent licensee shall submit to the Commissioner a financial statement that: a. [i]s dated not earlier than the last day of the fiscal year; and b. [h]as been prepared from the books and records of the independent licensee by an in independent certified public accountant who holds a permit to engage in the practice of certified public accounting in this State or another state."

14. Pursuant to Section 103 of the Regulation, "[f]or each violation committed by a person who engages in an activity for which licensure as a covered service provider, foreclosure consultant or loan modification consultant is required under this chapter and chapter 645F of NRS, without regard to whether the person is licensed under this chapter and chapter 645F of NRS, the Commissioner may impose upon the person an administrative fine of not more than $10,000, and if the person holds a license as a covered service provider, foreclosure consultant or loan modification consultant, the Commissioner may suspend, revoke or place conditions upon the person's license, or may do both, if the person... [d]oes not conduct business in accordance with law or has violated any provision of this chapter or chapter 645F of NRS or any order of the Commissioner;...[i]s in such financial condition that the person cannot continue in business with safety to his customers;...[or] [h]as commingled the money or other property of a client with his own or has converted the money or property of others to his own use..." *See* Section 103(3)(a), (c), (d), and (n) of the Regulation.

15. Pursuant to Section 108 of the Regulation, "[i]f a person engages in an activity in violation of the provisions of this chapter or chapter 645F of NRS or an order of the Commissioner, the Commissioner may issue an order directing the person to cease and desist from engaging in the activity." *See* Section 108(1) of the Regulation.

16. Based upon Respondents' violations of chapter 645F and the Regulation, the

Division issued an ORDER TO CEASE AND DESIST, ORDER IMPOSING LICENSURE CONDITIONS, NOTICE OF INTENT TO IMPOSE FINE AND NOTICE OF RIGHT TO REQUEST HEARING ("Order to Cease and Desist") on June 9, 2010, a copy attached hereto as Exhibit "A" and incorporated by this reference as though fully set forth herein, and such Order to Cease and Desist being served on Respondents on June 11, 2010.

17. Respondents requested a hearing on the Order to Cease and Desist within the time permitted by law.

18. On October 7, 2010 a hearing on the Order to Cease and Desist was held before Department of Administration Hearing Officer Nancy Richins, Esq. and a Decision and Order confirming the Division's Order to Cease and Desist was entered on October 19, 2010. A copy of the Decision and Order is attached hereto as Exhibit "B" and incorporated by this reference as though fully set forth therein.

19. The Division issued a Final Order against Respondents based on the Decision and Order on October 25, 2010.

VIOLATIONS OF LAW

1. Respondents, and each of them, have failed to fully comply with the provisions of the Order to Cease and Desist, Decision and Order, and Final Order in that such Respondents have:

a. Failed to retain the services of a certified public accountant to reconcile all books and records of Respondents;

b. Failed to deposit sufficient moneys into a trust account to rectify any shortfalls discovered as a result of the required reconciliation; and

c. Failed to pay an administrative fine of $50,000.00, and the Division's costs of examination and investigation in the amount of $4,920.00, as awarded to the Division in the Decision and Order of October 19, 2010 and within 30 days of entry of the Final Order.

2. Respondents have failed to file an annual accounting and financial statement as required by NRS 645F.394(2) and Section 74 of the Regulation.

3. Respondents have failed to keep in full force and effect a surety bond as required by Section 80 of the Regulation.

ORDER

NOW, THEREFORE, pursuant to Section 103(3) of the Regulation, the Commissioner of the Division hereby orders that Respondent U.S. Loan's independent licensee covered service provider license be revoked.

IT IS FURTHER ORDERED that Respondent JS's and GS's associated licensee licenses be revoked.

IT IS FURTHER ORDERED that, pursuant to Section 113 of the Regulation, upon application to the Division, Respondents, and each of them, shall be entitled to a hearing with regard to the contents of the instant Order. Should any Respondent not request a hearing within **twenty (20) days** of the receipt of the instant Order, the Division will enter a Final Order as to such Respondent, as required by Section 113 of the Regulation.

NOTICE TO RESPONDENTS: If you request a hearing, you are specifically informed that you have the right to appear and be heard in your defense, either personally or through your counsel of choice at your own expense. At the hearing, if one is timely requested, the Division will call witnesses and present evidence against you. You have the right to respond and to present relevant evidence and argument on all issues involved. You have the right to call and examine witnesses, introduce exhibits and cross-examine opposing witnesses on any matter relevant to the issues involved.

All notices to the Division must be sent by U.S. Postal Service, or private carrier or delivery service to:

Commissioner
Division of Mortgage Lending
7220 Bermuda Road, Suite A
Las Vegas, NV 89119

If the Division prevails at any hearing, it may request that attorney's fees and costs be awarded pursuant to NRS 622.400.

Dated this 24th day of January, 2011.

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

By: [redacted]
Joseph L. Waltuch, Commissioner

Exhibit "A"

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

In re:

U.S. Loan Modification Services, LLC,
Jeff Strum, Gail Strum

Respondents.

ORDER TO CEASE AND DESIST,
ORDER IMPOSING LICENSURE CONDITIONS,
NOTICE OF INTENT TO IMPOSE FINE
AND NOTICE OF RIGHT TO REQUEST HEARING

The licensing and regulation of loan modification consultants, foreclosure consultants and other persons providing 'covered services' as defined in Nevada Revised Statutes ("NRS") 645F.310 in the State of Nevada is governed by Chapter 645F of NRS and by permanent regulation R052-09 promulgated pursuant thereto (the "Regulation"). 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 covered service providers, foreclosure consultants and loan modification consultants. *See* Chapter 645F of NRS and the Regulation. Pursuant to that authority, the Division makes the following Factual Allegations, Violations of Law, and Order, as follows:

FACTUAL ALLEGATIONS

1. Based upon information and belief, and at all relevant times herein mentioned, U.S. Loan Modification Services ("U.S. Loan") was and is a Nevada limited liability company with an office located at 2461Professional Court #110, Las Vegas, Nevada. Currently, U. S. Loan's status with the Nevada Secretary of State is "active."

2. On approximately January 27 2010, the Division issued U.S. Loan an independent licensee covered service provider license (License No. 3251). The Division

currently classifies U.S. Loan's license as "closed."

3. Based upon information and belief, and at all relevant times herein mentioned, Jeff Strum ("JS"), an individual, and Gail Strum ("GS"), an individual, were the owners, officers and managers of U.S. Loan.

4. On approximately January 27, 2010, the Division issued JS an associated licensee license (License No. 46769) as an employee of U.S. Loan. The Division currently classifies JS's license as "inactive."

5. On approximately January 12, 2010, the Division issued GS an associated licensee license (License No. 46768) as an employee of U.S. Loan. The Division currently classifies GS's license as "inactive."

6. U.S. Loan, JS and GS are hereinafter referred to individually as Respondent or collectively as Respondents, as the context requires.

7. Pursuant to the Regulation, "[i]n addition to the other duties imposed upon the Commissioner by law for the general supervision of licensees, the Commissioner will...[c]onduct an examination of each independent licensee doing business in this State within 3 months after the independent licensee commences business in this State and at least annually thereafter..." *See* the Regulation, Section 63.

8. Pursuant to Section 63 of the Regulation, the Division commenced a regularly scheduled annual examination of U.S. Loan on April 5, 2010 which revealed, among other things, that U.S. Loan:

a. Failed to place moneys collected from homeowners for the provision of covered services into a separate trust account at a federally insured depository institution located in this state and designated as "trust funds," "escrow accounts," or some other appropriate name indicating the funds did not belong to U.S. Loan, and commingled homeowners' money with its own;

b. Failed to keep and maintain complete and suitable records of all covere services transactions it conducted, including, but not limited to, records related to the trus account(s) which clearly identify: the name, address and telephone number of eacl homeowner; the account number of each loan; the address and contact information of eacl lender or loan servicer related to each loan; the amount and date of each deposit; and the amount and date of each withdrawal with the name of each recipient;

c. Failed to reconcile its bank accounts and/or failed to have monthly reconciled balances on deposits equal to all moneys collected and deposited and not yet legitimately disbursed;

d. Withdrew moneys collected from homeowners from its bank account without being able to explain what the money was used for; and

e. Utilized or converted trust moneys for its own personal business purposes.

9. Pursuant to NRS 645F.394, "[a]ll money paid to a person who performs any covered service for compensation, a foreclosure consultant or a loan modification consultant by a person in full or partial payment of covered services to be performed: (a) [m]ust be deposited in a separate checking account located in a federally insured depository financial institution or credit union in this State which must be designated a trust account; (b) [m]ust be kept separate from money belonging to the person who performs any covered service for compensation, the foreclosure consultant or the loan modification consultant; and (c) [m]ust not be withdrawn by the person who performs any covered service for compensation, foreclosure consultant or loan modification consultant until the completion of every covered service as agreed upon in the contract for covered services." *See* NRS 645F.394(1).

10. Pursuant to Section 73 of the Regulation, "a 'separate trust account' means a trust account maintained with a federally insured depository institution located in this State that is separate from accounts belonging to the independent licensee. The trust account:

[m]ust at all times have a reconciled balance on deposit equal to all money collected an deposited and not yet legitimately disbursed... [and] [m]ust be reconciled monthly by th independent licensee..."

11. Pursuant to NRS 645F.394, "[t]he person who performs any covered service fo compensation, the foreclosure consultant or the loan modification consultant shall keep records of all money deposited in a trust account pursuant to subsection 1. The records must clearly indicate the date and from whom he or she received money, the date deposited, the dates of withdrawals, and other pertinent information concerning the transaction, and must show clearly for whose account the money is deposited and to whom the money belongs. The person who performs any covered service for compensation, the foreclosure consultant or the loan modification consultant shall balance each separate trust account at least monthly and provide to the Commissioner, on a form provided by the Commissioner, an annual accounting which shows an annual reconciliation of each separate trust account. All such records and money are subject to inspection and audit by the Commissioner and authorized representatives of the Commissioner." See NRS 645F.394(2).

12. Pursuant to Section 74 of the Regulation "1. Except as otherwise provided in this section, not later than 120 days after the last day of each fiscal year for an independent licensee, the independent licensee shall submit to the Commissioner a financial statement that: a. [i]s dated not earlier than the last day of the fiscal year; and b. [h]as been prepared from the books and records of the independent licensee by an in independent certified public accountant who holds a permit to engage in the practice of certified public accounting in this State or another state."

13. To date, U.S. Loan has failed to file its financial statement with the Commissioner.

14. Pursuant to Section 103 of the Regulation, "[f]or each violation committed by a person who engages in an activity for which licensure as a covered service provider foreclosure consultant or loan modification consultant is required under this chapter and chapter 645F of NRS, without regard to whether the person is licensed under this chapter and chapter 645F of NRS, the Commissioner may impose upon the person an administrative fine of not more than $10,000, and if the person holds a license as a covered service provider, foreclosure consultant or loan modification consultant, the Commissioner may suspend, revoke or place conditions upon the person's license, or may do both, if the person... [d]oes not conduct business in accordance with law or has violated any provision of this chapter or chapter 645F of NRS or any order of the Commissioner;...[i]s in such financial condition that the person cannot continue in business with safety to his customers;...[or] [h]as commingled the money or other property of a client with his own or has converted the money or property of others to his own use..." *See* Section 103(3)(a), (c), (d), and (n) of the Regulation.

15. Pursuant to Section 103 of the Regulation, "[a] person who engages in an activity for which licensure as a covered service provider, foreclosure consultant or loan modification consultant is required under this chapter and chapter 645F of NRS, without regard to whether the person is licensed under this chapter and chapter 645F of NRS, may be required by the Commissioner to pay restitution to any person who has suffered an economic loss as a result of a violation of the provisions of this chapter or chapter 645F of NRS...." *See* Section 103(2) of the Regulation.

16. Pursuant to Section 108 of the Regulation, "[i]f a person engages in an activity in violation of the provisions of this chapter or chapter 645F of NRS or an order of the Commissioner, the Commissioner may issue an order directing the person to cease and desist from engaging in the activity." *See* Section 108(1) of the Regulation.

VIOLATIONS OF LAW

Respondent U.S. Loan violated NRS 645F.394 and Section 103 of the Regulation i that such Respondent:

1. Failed to file an annual accounting and a financial statement, in violation of NRS 645F.394(2) and Section 74 of the Regulation;

2. Failed to deposit client moneys in a trust account and/or removed money from a trust account when not authorized to do so, in violation of NRS 645F.394(1) and (2) and Sections 73 and 103(3)(n) of the Regulation;

3. Does not conduct business in accordance with law, in violation of Section 103(3)(c) of the Regulation;

4. Is in such financial condition that it cannot conduct business with safety to its customers, in violation of Section103(3)(d) of the Regulation; and

5. Has commingled clients' money with its own or has converted such money to its own use, in violation of NRS 645F.394(1) and (2) and Regulation 103(3)(n).

ORDER

NOW, THEREFORE, THE COMMISSIONER OF THE DIVISION HEREBY ORDERS that, based on Respondent U.S. Loan's multiple violations of Chapter 645F of NRS and the Regulation, and pursuant to Chapter 645F of NRS and Section 108(1) of the Regulation, **RESPONDENTS U.S. LOAN, JS AND GS, AND EACH OF THEM, IMMEDIATELY CEASE AND DESIST** from the following activities:

1. Advertising for and/or soliciting covered services, foreclosure consultant and/or loan modification consultant business in the State of Nevada, whether as an independent licensee or as an associate licensee, without further written approval of the Division to conduct such activities; and

2. Offering or providing any of the services of a covered service provider foreclosure consultant and/or loan modification consultant, or otherwise engaging in, carrying on or holding themselves out as engaging in or carrying on the business of a covered service provider, foreclosure consultant and/or loan modification consultant, whether as an independent licensee or as an associate licensee, in the State of Nevada without further written approval from the Division to conduct such activities.

IT IS FURTHER ORDERED, pursuant to Chapter 645F of NRS and Section 108(4) of the Regulation, that upon filing a verified petition with the Division within **twenty (20) days** of receipt of this Order to Cease and Desist, Respondents, and each of them, shall be entitled to a hearing with regard to the contents of this Order to Cease and Desist. Each such Respondent is advised, however, that the provisions of this Order to Cease and Desist are effective immediately upon such Respondent being served therewith, whether or not such Respondent requests a hearing.

IT IS FURTHER ORDERED, pursuant to Chapter 645F of NRS and Section 113(2) of the Regulation that upon written application to the Division within **twenty (20) days** of the date of this Order, Respondents, and each of them, shall be entitled to a hearing with regards to the contents of this Order referenced hereafter. At that hearing the Division will seek:

1. The imposition of an administrative fine against Respondents, jointly and severally, in the amount of Fifty Thousand Dollars and No Cents ($50,000.00), payable to the Division on account of such Respondents violations of Chapter 645F of NRS and the Regulation, the Division's examination fees in the amount of Four Thousand Seven Hundred and Forty Dollars and No Cents ($4,740.00), the Division's investigatory and other costs in the amount of One Hundred Eighty Dollars and No Cents ($180.00), as well as the Division's attorney's fees, if any, incurred herein, all to be proven at the hearing; and

2. Payment, in full, to the Division of both the administrative fine in the amount o Fifty Thousand Dollars and No Cents ($50,000.00), the Division's examination fees to date i the amount of Four Thousand Seven Hundred and Forty Dollars and No Cents ($4,740.00) the Division's investigatory and other costs in the amount of One Hundred Eighty Dollars and No Cents ($180.00), as well as the Division's attorney's fees, if any, by such Respondents who shall be jointly and severally liable, within **thirty (30) days** of entry of the Final Order.

IT IS FURTHER ORDERED, pursuant to Chapter 645F of NRS and Section 103(2) of the Regulation, that Respondents immediately (a) cancel all contracts, if any, with Nevada homeowners and refund to such homeowners all moneys collected by such Respondents from such homeowners for which completed services have not been rendered, or (b) obtain the written consent of the homeowners to transfer their files, moneys and contracts to a licensed, bonded independent licensee, HUD-approved counseling service or other entity exempt from Chapter 645F of NRS.

IT IS FURTHER ORDERED, that Respondents shall:

1. Immediately notify in writing all homeowners involved in an open or pending covered service transaction of this Order;

2. Submit to the Commissioner, within three (3) business days from the date of the service of this Order, a list of all open or pending covered service transactions, along with proof of mailing of the written notice required in section 1, above;

3. Retain, within five (5) business days after service of this Order and at their own expense and choosing, a Nevada licensed or registered certified public accountant to reconcile all books and records of the licensed entity's operating accounts and trust accounts maintained for customer funds, including reconciliation to bank statements, and all transfers between operation and trust accounts, from inception of Respondent U.S. Loan to May 25, 2010, and submit the reconciliation to the Commissioner within thirty (30) days from the date of the service

of this Order. Such reconciliation shall specifically include a complete accounting of all money that, pursuant to NRS 645F.394 and Section 103 of the Regulation, should have been held in trust for each homeowner for whom Respondent U.S. Loan has not fully completed covered services for which it contracted. Further, such certified public accountant shall be unrelated to Respondents or their family members, and Respondents shall provide the name, address, and telephone number of such certified public accountant to the Division immediately upon his or her retention;

4. Upon submission to the Commissioner of the reconciliation provided for in Number 3, above, Respondents shall deposit sufficient money into a trust account(s) to rectify any shortfall that is discovered as a result of such reconciliation, and shall provide proof of such deposit in writing to the Commissioner; and

NOTICE TO RESPONDENTS: If you request a hearing, you are specifically informed that you have the right to appear and be heard in your defense, either personally or through your counsel of choice at your own expense. At the hearing, if one is timely requested, the Division will call witnesses and present evidence against you. You have the right to respond and to present relevant evidence and argument on all issues involved. You have the right to call and examine witnesses, introduce exhibits and cross-examine opposing witnesses on any matter relevant to the issues involved.

All notices to the Division must be sent by U.S. Postal Service or private carrier or delivery service to:

Commissioner
Division of Mortgage Lending
7220 Bermuda Road, Suite A
Las Vegas, NV 89119

IT IS FURTHER ORDERED that if any Respondent fails to abide by any of the above referenced conditions now imposed upon his, her or its license under NRS Chapter 645F and the Regulation, such failure shall constitute grounds for summary suspension, revocation or

other discipline deemed appropriate in the discretion and within the statutory authority of th Commissioner.

Should Respondents, or any of them, not timely request a hearing within **twenty (20 days** of the date of this Order; the Division will enter a Final Order in this matter against such Respondents, and each of them, as required by Section 113(2) of the Regulation. The Division's Final Order will require payment by such Respondents, jointly and severally, of the administrative fine, examination fees, investigatory and other costs, the Division's attorney's fees and restitution amounts within **thirty (30) days** of the entry of the Final Order.

Dated this 9th day of June, 2010.

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

By: [redacted]
Joseph L. Waltuch, Commissioner

Exhibit "B"

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2910/51

RECEIVED
OCT 20 REC'D
Mortgage Lending Division

BEFORE THE APPEALS OFFICER

In the Administrative Action of:

U.S. Loan Modification Services, LLC, Jeff Strum, and Gail Strum,

Respondents.

Appeal No: 76549-NR

FILED
OCT 19 2010
APPEALS OFFICE

DECISION AND ORDER

This matter was heard on October 7, 2010 before Hearing Officer Nancy Richins, Esq. Respondent Jeff Strum ("Respondent Strum" was present in proper person. Respondent Gail Strum was not present, nor were any other representatives of Respondent U.S. Loan Modification Services, LLC ("U.S. Loan") present. The State of Nevada Division of Mortgage Lending ("the Division") was represented by and through its counsel, CATHERINE CORTEZ MASTO, Attorney General, by Deputy Attorney General, CHRISTINE M. PARVAN. The Division's examiner, Connie Clapham, was present and testified as a witness for the Division. Following the submittal of the documents by the Respondents and the Division, testimony by both Respondent Strum and Examiner Clapham, and comment in response by both parties, the matter was submitted for decision on October 7, 2010.

FINDINGS OF FACT

The licensing and regulation of loan modification consultants, foreclosure consultants and other persons providing 'covered services' as defined in Nevada Revised Statutes ("NRS") 645F.310 in the State of Nevada is governed by Chapter 645F of NRS and by permanent regulation R052-09 promulgated pursuant thereto (the "Regulation"). The Division has the general duty to exercise supervision and control over covered service providers, foreclosure consultants and loan modification consultants. *See* Chapter 645F of NRS and the Regulation. Respondent Strum contends that neither NRS 645F nor the Regulation applies to

transactions involving homeowners who reside outside the State of Nevada or who reside i Nevada, but own property outside the State of Nevada. The Hearing Officer found no basis i statutory or regulatory authority to support Respondent Strum's contention. Responden Strum also contends that neither NRS 645F nor the Regulation applies to transactions involving attorneys, despite the fact that these attorneys are not licensed in the State of Nevada. The Hearing Officer found no basis in statutory or regulatory authority to support Respondent Strum's contention.

From at least March 2009 to August 2010, Respondents advertised for and/or solicited covered services, foreclosure consultant and/or loan modification consultant business in or from the State of Nevada, and offered or provided the services of a covered service provider, foreclosure consultant and/or loan modification consultant, or otherwise engaged in, carried on or held themselves out as engaging in or carrying on the business of a covered service provider, foreclosure consultant and/or loan modification consultant, in or from the State of Nevada.

Pursuant to Section 1 of LCB File No. E0033-08 ("Emergency Regulation"), "[t]he license of a loan modification and foreclosure consultant or loan modification and foreclosure consultant agent pursuant to these emergency regulations is effective upon the date that the Division receives [the applicant's]...completed application ..." On August 10, 2010, Respondent Strum applied for a 645F license for U.S. Loan Modification Services dba The Mortgage Modification Law Group.

On approximately January 27 2010, the Division issued U.S. Loan an independent licensee covered service provider license (License No. 3351). Respondents Jeff and Gail Strum (Associated License Nos. 46769 and 46768, respectively) were the owners, officers and managers of U.S. Loan.

Pursuant to Section 63 of the Regulation, the Division commenced a regularly

scheduled annual examination of U.S. Loan on April 5, 2010 which revealed, among oth things, that U.S. Loan failed to place moneys collected from homeowners for the provision covered services into a separate trust account at a federally insured depository institutio located in this state and designated as "trust funds," "escrow accounts," or some othe appropriate name indicating the funds did not belong to U.S. Loan, and commingle homeowners' money with its own. Examiner Clapham testified, and the Division submitte evidence, that Respondents maintained at least six (6) bank accounts including, Citibank Account #500352836 (hereinafter "Citibank Operating Account"), Citibank Account #500352836 (hereinafter "Citibank MLD Account"), Bank of America Account #501005924130 (hereinafter "BOA Direct Customer Deposits"), Bank of America Account #501005924127 "hereinafter "BOA Customer Check Deposits"), Bank of America Account #501005923173 (hereinafter "BOA General Operating Account") and Bank of American #501005923953 (hereinafter "BOA The Mortgage Modification Law Group Account"). None of these accounts was a proper trust account, in violation of NRS 645F and the Regulation.

The Division submitted evidence in the form of correspondence, dated April 6, 2010, from Respondent Strum which indicated that the four (4) Bank of America accounts had "some crossover between them" and that "customers may have not only deposited into [BOA Direct Customer Deposits] and check deposits may have been made not only into [BOA Customer Check Deposits]." Examiner Clapham testified that, between August 2009 and February 2010, the Citibank Operating Account was consistently used as a depository for client monies, in violation of NRS 645F.394(1) and (2) and Sections 73 and 103(3)(n) of the Regulation. Such monies should have been deposited in a properly labeled "Trust" account. Examiner Clapham testified that Respondents and/or Respondents' employee, Rexanna Borden, indicated that the incorrectly-named Citibank MLD Account was "supposed to be a 'trust' account," but the Division submitted evidence that, between the months of August 2009

to February 2010, either minimal or no funds were deposited in this account.

Examiner Clapham also testified that Respondents failed to keep and maintain complet and suitable records of all covered services transactions they conducted, including, but no limited to, records related to the trust account(s) which clearly identify: the name, address anc telephone number of each homeowner; the account number of each loan; the address anc contact information of each lender or loan servicer related to each loan; the amount and date of each deposit; and the amount and date of each withdrawal with the name of each recipient. Examiner Clapham testified that, at the date of the examination, Respondents did not maintain any client ledgers. Respondent Strum testified that such client ledgers exist, but in light of the evidence that despite numerous attempts by the Division and its counsel, Respondents have never provided such ledgers, Respondent Strum's testimony as to the existence of the client ledgers was not credible to the Hearing Officer.

The Division proved, by substantial evidence, that Respondents failed to reconcile their bank accounts and/or failed to have monthly reconciled balances on deposit equal to all moneys collected and deposited and not yet legitimately disbursed, withdrew moneys collected from homeowners from their bank accounts without being able to explain what the money was used for, and utilized or converted trust moneys for their own personal business purposes. Examiner Clapham testified that she was only able to review Respondents' bank statements for the months of August 2009 to February 2010 because Respondents' and or Respondents' employee Borden indicated that any and all documents for account after February 2010 were "unavailable." Despite numerous attempts by the Division and its counsel, Respondent Strum has not, to date, provided the documents and/or other required information pertaining to bank account records after February 2010. Examiner Clapham testified, however, that, from August 2009 to December 2009 alone, at least over Three Hundred Thousand Dollars and No Cents ($300,000.00) in "Members Draws" were withdrawn

and/or transferred from Respondents' bank accounts, but neither Examiner Clapham nor t Division can ascertain to which homeowners these monies belong, or for what purpose these monies were used. Examiner Clapham also testified that, from August 2009 December 2009 alone, at least over Two Hundred and Twenty Thousand Dollars and N Cents ($220,000.00) was withdrawn and/or transferred for "American Express," but neith Examiner Clapham nor the Division can ascertain to which homeowners these monie belong, or for what purpose(s) these monies were used. Examiner Clapham testified, an Respondents did not deny, that Respondent Strum was the only one who had unlimite access to all six (6) of Respondents' bank accounts. Further, Respondent Strum admitted both in correspondence to the Division and at the hearing, that Respondents cannot reconcile their bank accounts, in violation of Section 73 of the Regulation, which provides that the trust account "[m]ust at all times have a reconciled balance on deposit equal to all money collected and deposited and not yet legitimately disbursed... [and] [m]ust be reconciled monthly by the independent licensee..."

The Division also points out that, pursuant to correspondence dated July 29, 2010, Respondents' bond with Fidelity and Deposit Company of Maryland is cancelled. Based on this failure to maintain a bond, in violation of Section 80 of the Regulation, Respondents should not be engaged in any activity that requires an independent license pursuant to NRS 645F.

CONCLUSIONS OF LAW

The Hearing Officer finds that the evidence as a whole sufficiently demonstrates that Respondents knowingly and willfully:

1. Failed to file an annual accounting and a financial statement, in violation of NRS 645F.394(2) and Section 74 of the Regulation;

2. Failed to deposit client moneys in a trust account and/or removed money from trust account when not authorized to do so, in violation of NRS 645F.394(1) and (2) an Sections 73 and 103(3)(n) of the Regulation;

3. Did not and do not conduct business in accordance with law, in violation c Section 103(3)(c) of the Regulation;

4. Are in such financial condition that they cannot conduct business with safety tc their customers, in violation of Section103(3)(d) of the Regulation;

5. Have commingled clients' money with their own or have converted such money to their own use, in violation of NRS 645F.394(1) and (2) and Regulation 103(3)(n); and

6. Have failed to keep in full force and effect a proper surety bond payable to the State of Nevada, in violation of Section 80 of the Regulation.

ORDER

Based upon the testimony and evidence submitted, the Hearing Officer concludes that the imposition of an administrative fine in this matter for the six (6) violations of NRS 645F and the Regulation in the total amount of Fifty Thousand Dollars and No Cents ($50,000.00) is appropriate.

Based upon the respective violations of NRS 645F and the Regulation, Respondents are to reimburse the Division its administrative fees and costs in the amount of Ten Thousand One Hundred Eighty Four Dollars and No Cents (10,184.00), including Three Hundred Fifty Dollars and No Cents ($350.00) in administrative costs, Five Thousand Two Hundred Fourteen Dollars and No Cents ($5,214.00) in examination fees and related collection costs, One Thousand Four Hundred Forty Dollars and No Cents ($1,440.00) in Examiner fees in preparation for the hearing, and One Hundred Eighty Dollars and No Cents ($180.00) in investigative costs. Respondents are to also reimburse the Division its attorneys' fees in the amount of Seven Thousand Seven Hundred Eighty Dollars and Fifty Cents ($7,780.50).

Based upon the testimony and evidence submitted, the Hearing Officer concludes tha the totality of the facts and circumstances concerning Respondents' violations of NRS 645F and the Regulation require that Respondents, and each of them, IMMEDIATELY CEASE AND DESIST from the following activities:

1. Advertising for and/or soliciting covered services, foreclosure consultant and/o loan modification consultant business in the State of Nevada, whether as an independen licensee or as an associate licensee, without further written approval of the Division to conduct such activities; and

2. Offering or providing any of the services of a covered service provider, foreclosure consultant and/or loan modification consultant, or otherwise engaging in, carrying on or holding themselves out as engaging in or carrying on the business of a covered service provider, foreclosure consultant and/or loan modification consultant, whether as an independent licensee or as an associate licensee, in the State of Nevada without further written approval from the Division to conduct such activities.

The Hearing Officer also concludes that the totality of the facts and circumstances concerning Respondents' violations of NRS 645F and the Regulation require that Respondents immediately (a) cancel all contracts, if any, with any and all homeowners and refund to such homeowners all moneys collected by US Loan Modification Services, The Mortgage Modification Law Group, Jeff Strum, or Gail Strum from such homeowners for which completed services have not been rendered, or (b) obtain the written consent of the homeowners to transfer their files, moneys and contracts to a licensed, bonded independent licensee, HUD-approved counseling service or other entity exempt from Chapter 645F of NRS.

The Hearing Officer also concludes that the totality of the facts and circumstance concerning Respondents' violations of NRS 645F and the Regulation require tha Respondents:

1. Immediately notify in writing all homeowners involved in an open or pendin covered service transaction with US Loan Modification Services, The Mortgage Modificatior Law Group, Jeff Strum, or Gail Strum of this Decision and Order;

2. Submit to the Commissioner, within five (5) business days from the date of the service of this Decision and Order, a list of all open or pending covered service transactions with US Loan Modification Services, The Mortgage Modification Law Group, Jeff Strum, or Gail Strum, along with proof of mailing of the written notice required in section 1, above;

3. Retain, within five (5) business days after service of this Order and at their own expense and choosing, a Nevada licensed or registered certified public accountant to reconcile all books and records of US Loan Modification Services and The Mortgage Modification Law Group's operating accounts and trust accounts maintained for customer funds, including reconciliation to bank statements, and all transfers between operation and trust accounts, from July 1, 2009 to the present time, and submit the reconciliation to the Commissioner within fourteen (14) days from the date of retention of the certified public accountant. Such reconciliation shall specifically include, but is not limited to, a complete accounting of all moneys that, pursuant to NRS 645F.394 and Section 103 of the Regulation, should have been held in trust for each homeowner for whom US Loan Modification Services, The Mortgage Modification Law Group, Jeff Strum, or Gail Strum have not fully completed covered services for which they contracted. Further, such certified public accountant shall be unrelated to Respondents or their family members, and Respondents shall provide the name, address, and telephone number of such certified public accountant to the Division immediately upon his or her retention; and

4. Upon submission to the Commissioner of the reconciliation provided for Number 3, above, Respondents shall, within three (3) days, deposit sufficient money into a tru account(s) to rectify any shortfall that is discovered as a result of such reconciliation, and sha provide proof of such deposit in writing to the Commissioner.

IT IS SO ORDERED this 19th day of October, 2010.

By: [redacted]
Nancy K. Richins, Esq.
Hearing Officer

Submitted by: [redacted]
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NOTICE: Pursuant to NRS 233B.130, should any party desire to appeal this final determination of the Appeals Officer, a Petition for Judicial Review must be filed with the District Court within thirty (30) days after service by mail of this decision.