

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

In re:
North American Financial Corporation
and R. Gregory Ernst
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 ("NRS"), respectively, and the regulations promulgated thereunder.

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 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 North American Financial Corporation and R. Gregory Ernst (collectively, "Respondents"), as follows:

FACTS

1. North American Financial Corporation ("North American") was issued a mortgage broker license (License No. 1429) by the Division pursuant to Chapter 645B of NRS on January 3, 2005. Currently, North American's status with the Division is "active."

1 2. North American is a foreign corporation. Currently, Respondent's status with the
2 Nevada Secretary of State is "active."

3 3. On approximately April 8, 2002 R. Gregory Ernst ("Ernst") became registered
4 with the Division of Financial Institutions as a mortgage agent pursuant to Chapter 645B of
5 NRS.

6 4. On approximately July 1, 2003, the Division commenced licensing and
7 supervising mortgage brokers and mortgage agents pursuant to Chapter 645B of NRS.

8 5. On approximately April 20, 2010, the Division issued Ernst a mortgage agent's
9 license (License No. 18123) pursuant to Chapter 645B of NRS. The Division currently
10 classifies Ernst's license as "active".
11

12 6. Ernst is the sole owner of North American and is a licensed mortgage agent for,
13 and/or the designated Qualified Employee of, North American.

14 7. Pursuant to NRS 645B.450, "[a] mortgage broker shall not associate with or
15 employ a person as a mortgage agent or authorize a person to be associated with the
16 mortgage broker as a mortgage agent if the mortgage agent is not licensed with the Division
17 pursuant to NRS 645B.410...." See, NRS 645B.450(2).
18

19 8. Pursuant to NRS 645B.060, with limited exception, the Division is charged with
20 conducting "...an annual examination of each mortgage broker doing business in this
21 State...." See, NRS 645B.060(2)(d).

22 9. Pursuant to NRS 645B.060, the Division commenced a regularly scheduled
23 examination of Respondent's books and records on April 16, 2010 which revealed, among
24 other things that Respondents:

25 a. Allowed a portion of mortgage agent commissions to be paid by Mortgage
26 Marketing Services, LLC, an entity which has never been licensed by the Division pursuant to
27 NRS Chapter 645B, in violation of NRS 645B.450(2).
28

DISCIPLINE AUTHORITY

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2 10. Pursuant to NRS 645B.670, “[f]or each violation committed by a mortgage
3 broker, the Commissioner may impose upon the mortgage broker an administrative fine of not
4 more than \$25,000, may suspend, revoke or place conditions upon his license, or may do
5 both, if the mortgage broker...(d)oes not conduct his business in accordance with law or has
6 violated any provision of this chapter, a regulation adopted pursuant to this chapter or an
7 order of the Commissioner...” See, NRS 645B.670(2)(c).

SETTLEMENT

8
9
10 11. After settlement negotiations, the Division and the Respondents wish to resolve
11 this matter without the necessity of a formal hearing.

12 12. Respondents agree that they violated the provisions of Chapter 645B by paying
13 a a portion of mortgage agent commissions through an entity, Mortgage Marketing Services,
14 LLC which has never been licensed by the Division.

15 13. Respondents shall, jointly and severally, pursuant to NRS 645B.670, pay an
16 administrative fine of Three Thousand and No Dollars (\$3,000.00), and pursuant to NRS
17 622.400, pay the Division’s administrative and other costs in the amount of Three Hundred
18 Sixty Dollars and No Cents (\$360.00).

19
20 14. Respondents shall make payment, in full, to the Division of the administrative
21 penalty and the Division’s costs upon its execution of this Agreement.

22 15. Respondents agree that in the event it violates any of the provisions of this
23 Agreement, the Division shall retain any and all remedies available to it in accordance with
24 NRS Chapter 645B.

25 16. The Parties agree and acknowledge that this agreement shall constitute the
26 complete and final resolution all issues related to the findings in the April 16, 2010
27 examination.
28

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

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

7 19. The Division shall keep the original of this Agreement.

8 20. This Agreement, as well as the rights and obligations of the parties hereto, shall
9 be interpreted, governed, and construed pursuant to the laws of the State of Nevada.
10

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

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

16 23. Failure to declare a breach or the actual waiver of any particular breach of this
17 Agreement or its material terms, by either party, shall not operate as a waiver by such party of
18 any of its rights or remedies as to any other breach.
19

20 24. Respondents have the right to retain an attorney to review this Agreement at
21 their sole cost and expense.

22 25. If any provision contained in this Agreement is held to be unenforceable by a
23 court of law or equity, this Agreement shall be construed as if such a provision(s) did not exist
24 and the unenforceability of such provision(s) shall not be held to render any other provision(s)
25 of this Agreement unenforceable.
26

27 26. This Agreement constitutes the entire agreement of the parties, and it is
28 intended as a complete and exclusive statement of the promises, representations,

1 negotiations, and discussions of the parties. Unless otherwise expressly authorized by its
2 terms, this Agreement shall be binding upon the parties unless an amendment to the same is
3 in writing, signed by the respective parties hereto, and approved by the Office of the Attorney
4 General.

5 **27. NOTICE TO RESPONDENTS:** By executing this Agreement, you hereby agree
6 that you are waiving certain rights as set forth herein. As Respondents, you are specifically
7 informed that you have the right to request that the Division file an administrative complaint
8 against you, and at any hearing on such a complaint, you would have the right to appear and
9 be heard in your defense, either personally or through your counsel of choice. If the Division
10 were to file a complaint, at the hearing, the Division would have the burden of proving the
11 allegations in the complaint and would call witnesses and present evidence against you. You
12 would have the right to respond and to present relevant evidence and argument on all issues
13 involved. Other important rights you have are listed in NRS Chapter 645F and Chapter 233B.

15 **28.** Respondents waive their right to a hearing in this matter.

16 **29.** Respondents understand and agree that this Agreement may be used to show
17 that past violations have occurred should any future disciplinary action be taken by the
18 Division.

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

3 31. INDEMNIFICATION: Respondents hereby indemnifies and holds harmless the
4 State of Nevada, the Department of Business and Industry of the State of Nevada, the
5 Division, and each of their members, agents, and employees, and employees of the Nevada
6 Attorney General in their individual and representative capacities against any and all claims,
7 suits, and actions brought against said persons and/or entities by reason of the Division's
8 examination of Respondent, this Agreement, and all other matters relating thereto, and
9 against any and all expenses, damages, and costs, including court costs and attorney fees,
10 which may be sustained by the persons and/or entities named in this section as a result of
11 said claims, suits, and actions.
12

13 This Agreement shall constitute a Final Order of the Commissioner.

14
15 Dated this 26 day of Sept, 2011.

16 North American Financial Corporation
17 [Redacted]

18 By: R Gregory Ernst Sec/Treas

19 Dated this 26 day of Sept, 2011.

20 R. Gregory Ernst
21 [Redacted]

22
23
24 Dated this 14th day of Oct, 2011.

25 State of Nevada
26 Department of Business and Industry
27 Division of Mortgage Lending
28 [Redacted]

By: [Redacted]
Nancy Corbin, Acting Commissioner