

NEW YORK STATE DEPARTMENT
OF FINANCIAL SERVICES

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In the Matter of

Sortis Financial, Inc.
S000032

SETTLEMENT AGREEMENT

A Licensed Mortgage Loan Servicer Pursuant to
Article 12-D of the New York Banking Law

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This Settlement Agreement (“Agreement”) is made and entered into by and between Sortis Financial, Inc. f/k/a ClearSpring Loan Services, Inc. (“Sortis”) and the New York State Department of Financial Services (the “Department” and together with Sortis, collectively, the “Parties”) evidencing an agreement between the Parties to resolve, without a hearing, the violation of Section 594-b(1) of the New York Banking Law (“Banking Law”), upon and subject to the terms and conditions hereof.

I.

RECITALS

1. Sortis, headquartered at 5445 Legacy Drive, Suite 410, Plano, TX 75024, was granted a registration by the Department on May 18, 2011 to engage in business as a mortgage loan servicer (“MLS”) pursuant to Article 12-D of the Banking Law.

2. Sections 44 and 598 of the Banking Law provide, in part, that the Superintendent of Financial Services of the State of New York (“Superintendent”) may, in a proceeding after notice and a hearing, require a registered MLS to pay to the people of this state a penalty for any violation of the Banking Law and/or regulation promulgated thereunder,

3. Section 418.10 of the Superintendent’s Regulations provides that a fine may be

imposed against an MLS for any violation of the Banking Law, any regulation promulgated thereunder, any final or temporary order issued pursuant to Section 39 of the Banking Law, any condition imposed in connection with the grant of any application or request or any written agreement entered into with the Superintendent, or any conduct which would constitute grounds for revocation or suspension of the registration of such MLS.

4. Section 594-b(1) of the Banking Law requires a registrant to obtain prior approval of the Superintendent for any action to be taken that results in a change of control of the business of a registrant.

Unauthorized change of control

5. By letter dated September 30, 2016, Sortis notified the Department of a proposed change of control of Sortis.

6. On March 14, 2016, CentPenny, LLC acquired an indirect ownership interest in Sortis.

7. On September 17, 2017, SHLD1, LLC acquired an indirect ownership interest in Sortis.

8. A review of the Department's records disclosed that the two aforementioned changes of control had not been approved by the Superintendent before they were consummated.

9. As a result, Sortis violated Section 594-b (1) of the Banking Law by failing to obtain prior approval of the Superintendent for the two aforementioned changes of control.

II.

SETTLEMENT TERMS AND CONDITIONS

IT IS HEREBY UNDERSTOOD AND AGREED by Sortis and all subsidiaries, affiliates, successors, assigns, agents, representatives and employees, that:

1. Sortis is willing to resolve the violations cited herein by entering into this Agreement and freely and voluntarily waives its right to a hearing under Sections 44 and 598 of the Banking Law and any appeal on such violations. Therefore, in consideration of the promises and covenants set forth herein, the Parties agree as follows:

2. Sortis agrees to take all necessary steps to ensure its compliance with all applicable federal and state laws, regulations and supervisory requirements relating to its mortgage business, including, but not limited to, obtaining the prior approval of the Superintendent for any action that will result in a change of control of Sortis.

3. Sortis shall pay a penalty of \$10,000 no later than ten (10) days after the effective date of this Agreement. The payment shall be made by wire transfer in accordance with the Department's payment instructions.

4. Neither Sortis, nor any of its parents, subsidiaries, or affiliates shall, collectively or individually, seek or accept, directly or indirectly, reimbursement or indemnification including but not limited to payment made pursuant to any insurance policy, or from any of its parents, subsidiaries, or affiliates, with regard to any or all of the amount payable pursuant to this Agreement.

5. Sortis agrees that it will not claim, assert, or apply for a tax deduction or tax credit with regard to any U.S. federal, state or local tax, directly or indirectly, for any portion of the penalty paid pursuant to this Agreement.

III.

MISCELLANEOUS TERMS AND CONDITIONS

1. Sortis acknowledges that its failure to fully comply with any of the terms and/or conditions of this Agreement may result in the Department taking action to suspend or revoke its

license to engage in business as a registered MLS.

2. The Superintendent has agreed to the terms of this Agreement based on the written representations made to the Department, or the written materials submitted to the Department, by Sortis – either directly or through its counsel – and the Department’s findings. To the extent that the written representations or written submissions, made by Sortis to the Department – either directly or through its counsel — are later found to be materially incomplete or inaccurate, this Agreement is voidable by the Superintendent in her sole discretion.

3. Upon the request of the Department, Sortis shall provide all documentation and information necessary for the Department to verify full compliance with this Agreement.

4. Sortis represents and warrants, through the signature below, that the terms and conditions of this Agreement were duly approved, and execution is duly authorized.

5. This Agreement and any dispute thereunder shall be governed by the laws of the State of New York without regard to any conflict of laws principles.

6. Sortis waives all rights to further notice and hearing in this matter as to any allegations of past violations up to and including the effective date of this Agreement and agrees that no provision of the Agreement is subject to review in any court or tribunal outside of the Department.

7. In the event that one or more provisions contained in this Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement.

8. Sortis acknowledges that entering into this Agreement shall not bar, estop, or otherwise prevent the Superintendent, or any state, federal or local agency or department from taking any other, or additional, action affecting Sortis, or any of its current or former owners,

officers, directors, employees, or insiders, or their successors or assigns with respect to the violations cited herein, or any other matter whether related or not to such violations.

9. This Agreement may not be altered, modified or changed unless in writing signed on behalf of all parties to this Agreement.

10. This Agreement shall be enforceable and remain in effect until stayed, modified, suspended or terminated in writing by the Superintendent.

11. This Agreement may be executed in one or more counterparts. The effective date of this Agreement is the date on which it is executed by the Deputy Superintendent or her designee.

12. All written communications to the Department regarding this Agreement should be sent as follows:

Attention:

Rholda L. Ricketts
Deputy Superintendent
New York State Department of Financial Services
One State Street New York, NY 10004

13. All written communications to Sortis regarding this Agreement should be sent as follows:

Attention:

Philip Christian Wolf
President & General Counsel
Sortis Financial, Inc.
5445 Legacy Drive, Suite 410
Plano, TX 75024

14. This Agreement is not confidential; the Parties understand that it may be made available to the public.

WHEREFORE, the Parties hereto have caused this Agreement to be executed.

Sortis Financial, Inc.

By: _____ / S /

Philip Christian Wolf
President & General Counsel

Dated: _____

New York State Department of Financial Services

By: _____ / S /

Rholda L. Ricketts
Deputy Superintendent

Dated: _____