

New York State Department  
of Financial Services

\_\_\_\_\_ X  
In the Matter of

Nothnagle Home Securities Corporation  
B500129

**SETTLEMENT AGREEMENT**

A Licensed Mortgage Banker Pursuant To  
Article XII-D of the New York Banking Law  
\_\_\_\_\_ X

This Settlement Agreement ("Agreement") is made and entered into by and between Nothnagle Home Securities Corporation ("Nothnagle") and the New York State Department of Financial Services (the "Department") to address Nothnagle's violations of Section 591(3) of the Banking Law, and Part 420.18(3)(v) of the Superintendent's General Regulations.

**I.**

**RECITALS**

1. Nothnagle headquartered at 217 West Main Street, suite 200, Rochester, New York 14614, was registered by the Department as a mortgage banker on June 22, 1982, 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 ("Superintendent") may, in a proceeding after notice and a hearing, require a licensed mortgage banker to pay to the people of this State a penalty for a violation of the Banking Law and any regulation promulgated thereunder.

3. Section 38.8 of the General Regulations provides that a mortgage banker may be subject to disciplinary action by the Department for, among other things,

violations of Article 12-D of the Banking Law, the regulations promulgated thereunder, or violations of state or federal law indicating that the entity is unfit to engage in the business of a mortgage banker.

**Unauthorized Locations**

4. Mortgage Bankers, such as Nothnagle are required to “assign MLOs to locations licensed by the Superintendent.” NYCRR Section 420.18(a)(3)(v). During the examination of Nothnagle as of March 31, 2013, the Department discovered that, Nothnagle allowed Mortgage Loan Originators (“MLOs”) to conduct New York regulated mortgage loan activities out of Nothnagle’s affiliated real estate offices, and other locations without the Superintendent’s authorization.

5. According to the Department’s records, Nothnagle never received authorization from the Department to conduct New York regulated mortgage business at any other locations other than the principal office, 217 West Main Street, Suite 200 Rochester, NY 14614.

6. Accordingly, Nothnagle violated Section 591(3) of the Banking Law, which requires a licensee to apply to the Superintendent for authority to open and maintain a branch office.

7. Additionally, Nothnagle violated 3 NYCRR Section 420.18 (a) (3) (v) of the Superintendent’s Regulation, by allowing its sponsored MLOs to originate loans from unregistered locations.

**II.**

**SETTLEMENT TERMS AND CONDITIONS**

Nothnagle freely and voluntarily waives its right to a hearing under Banking Law

Sections 44 on such violations and agrees to take the action listed below to redress the violations listed herein.

1. Nothnagle 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:

- a. complying with the requirements of Article 12-D of the Banking Law, and Part 38 of the General Regulations of the Banking Board;
- b. not conducting or transacting business in New York state at any location that has not been approved by the Superintendent; and
- c. ensuring that it will provide appropriate training for its employees regarding the establishment of or the change of branch locations;

2. Nothnagle agrees to pay a fine of \$ 10,000.

3. Nothnagle further agrees that such payment will be made in immediately available funds in accordance with the Department's payment instructions.

### **III.**

#### **MISCELLANEOUS TERMS AND CONDITIONS**

1. Nothnagle acknowledges that its failure to comply with any of the settlement terms and conditions of this Agreement may result in the Department taking action to revoke Nothnagle's license to engage in the business of a mortgage banker under Article 12-D of the Banking Law.

2. Nothnagle acknowledges that entering into this Agreement shall not bar, estop, or otherwise prevent the Superintendent, or any state, federal or local

agency or department or any prosecutorial authority from taking any other action affecting Nothnagle, 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.

3. This Agreement may not be altered, modified or changed unless in writing signed by the Superintendent or his designee.

4. This Agreement shall be enforceable and remain in effect unless stayed or terminated in writing by the Superintendent or his designee.

5. The effective date of this Agreement is the date on which it is executed by the Deputy Superintendent.

6. 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, New York 10004

7. All written communications to Nothnagle regarding this Agreement should be sent as follows.

Attention:

Christine Nothnagle  
President  
Nothnagle Home Securities Corporation  
217 West Main Street, Suite 200  
Rochester, NY 14614

8. This Agreement is not confidential; therefore it is available to the public.

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

**Nothnagle Home Securities Corporation**

By: \_\_\_\_\_

Christine Nothnagle  
President

Dated: \_\_\_\_\_

**New York State Department of Financial Services**

By: \_\_\_\_\_

Rholda L. Ricketts  
Deputy Superintendent

Dated: \_\_\_\_\_