

New York State Department
of Financial Services

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In the Matter of

MORTGAGE NETWORK LLC
A005370

SETTLEMENT AGREEMENT

A Registered Mortgage Broker Pursuant To
Article XII-D of the New York Banking Law

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This Settlement Agreement ("Agreement") is made and entered into by and between Mortgage Network LLC ("Mortgage Network") and the New York State Department of Financial Services (the "Department" collectively, with Mortgage Network, the "Parties") evidencing an agreement between the Parties to resolve, without a hearing, the violation of Article 12-D of the New York Banking Law ("Banking Law"), upon and subject to the terms and conditions hereof.

I.

RECITALS

1. Mortgage Network, headquartered at 635 Plank Road, Clifton Park, NY 12065, was granted a registration by the Department on March 12, 2002 to engage in business as a mortgage broker pursuant to Article 12-D of the Banking Law.

2. Sections 44 and 598 of the Banking Law provides, in part, that the Superintendent may, in a proceeding after notice and a hearing, require a registered mortgage broker to pay to the people of this State a penalty for a violation of the Banking Law and/or any regulation promulgated thereunder.

3. Section 38.8 of the General Regulations provides that a mortgage broker 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 registrant is unfit to engage in the business of a mortgage broker.

Unauthorized Domain Names

4. Pursuant to the Department's June 1, 2000 industry letter, the domain name of any website used by a licensee or a registrant to conduct mortgage banking or brokering activity qualifies as a business address.

5. Mortgage Network used the domain name and website personallendingadvice.com to promote and solicit mortgage loans relating to properties in New York State prior to receiving authorization from the Department to do so. A sample of each website is annexed as Exhibit A.

6. Accordingly, Mortgage Network violated Section 591-a(2) of the Banking Law, which requires registrants to apply for and receive permission prior to using a specific business address.

II

SETTLEMENT TERMS AND CONDITIONS

Mortgage Network is willing to resolve the violation by entering into this Agreement and freely and voluntarily waives its right to a hearing under Banking Law Sections 44 on such violation. Therefore, in consideration of the promises and covenants set forth herein:

1. Mortgage Network 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; and

- b. not conducting or transacting business in this state under any name, assumed name or designation using any website, domain, or other name that has not been approved by the Superintendent.

2. Mortgage Network agrees to develop appropriate written advertisement policies and procedures designed to ensure compliance with all applicable federal and state laws, regulations, supervisory requirements and guidance letters. The advertisement policies and procedures shall, at a minimum: (i) designate an individual responsible for monitoring compliance with all applicable federal and state laws, regulations, supervisory requirements and guidance letters; and (ii) establish a training program to ensure that Mortgage Network and its employees involved in loan origination understand all applicable federal and state laws, regulations, supervisory requirements and guidance letters.

3. Within ninety (90) days from the effective date of this Agreement, Mortgage Network agrees to submit a draft of its advertisement policies and procedures to the Department for review.

4. Within thirty (30) days of receipt of non-objection or any comments from the Department, and after incorporation and adoption of all comments, Mortgage Network agrees to submit a copy of its final advertisement policies and procedures to the Department together with a letter from an authorized officer of Mortgage Network indicating his/her approval of such advertisement policies and procedures.

5. Mortgage Network agrees to pay a fine of \$5,000 payable in ten (10) equal monthly installments as follows:

- \$500 upon execution of this Agreement, and

- \$500 each on or before the 15th day of each consecutive month for the following nine (9) months.

6. Mortgage Network 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. Mortgage Network 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 Mortgage Network's registration to engage in the business of a mortgage broker under Article 12-D of the Banking Law.

2. Mortgage Network 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 Mortgage Network, any of its current or former owners, officers, directors, employees, or insiders, or their successors or assigns with respect to the violation cited herein, or any other matter whether related or not to such violation.

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

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

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

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 Mortgage Network regarding this Agreement should be sent as follows.

Attention:

Leslie Dana Barry
Managing Member
Mortgage Network LLC
635 Plank Road
Clifton Park, NY 12065

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

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

Mortgage Network LLC

By: _____

Leslie Dana Barry
Managing Member

Dated: _____

New York State Department of Financial
Services

By: _____

Rholda L. Ricketts
Deputy Superintendent

Dated: _____