

New York State
Department of Financial Services

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In the Matter of

PATRIOT FINANCIAL, INC.
A006987

SETTLEMENT AGREEMENT

A Licensed 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 Patriot Financial, Inc. ("Patriot Financial", "Registrant") and the New York State Department of Financial Services (the "Department" together with Patriot Financial, collectively defined as the "Settling Parties"), evidencing an agreement between the Settling Parties to resolve, without a hearing, the violations of Section 102.1(c) (1) of Supervisory Procedure MB 102 and Section 1301(a) of the New York Business Corporation Law ("Business Corporation Law"), cited herein by the Department, upon and subject to the terms and conditions hereof.

I.

RECITALS

1. Patriot Financial, incorporated under the laws of the State of Washington and headquartered at 1135 Kildaire Farm Road, Suite 220-2, Cary, NC 27511, was granted a registration by the Department on November 13, 2007 to engage in the business of a mortgage broker pursuant to Article XII-D of the New York Banking Law ("Banking Law").

2. Patriot Financial received authority to engage in business under the laws of the State of New York as a foreign corporation on November 30, 2006.

3. Section 44 of the Banking Law provides, in part, that the Superintendent of Financial Services (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 any regulation promulgated thereunder.

4. Section 38.8 of the General Regulations of the Banking Board 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 entity is unfit to engage in the business of a mortgage broker.

5. During a review of Patriot Financial's corporate status, the Department noted that the New York Department of State ("Department of State") records indicated that the entity's authority to do business in New York was terminated by proclamation on July 27, 2011.

6. On March 5, 2012, the Department notified the Registrant that as a result of the termination, it no longer had authority to do business in this State, and, therefore the Department no longer considered Patriot Financial a registered mortgage broker.

7. Patriot Financial's Volume of Operations Report and application log indicates that Patriot Financial conducted mortgage activities in connection with properties located in New York from August 2011 to December 2011.

8. Accordingly, Patriot Financial violated Section 1301(a) of the Business Corporation Law, which states that a foreign corporation shall not do business in this state unless it is authorized to do so.

9. Furthermore, the Registrant failed to notify the Department of its termination of corporate authority in New York in violation of Section 102.1(c) (1) of Supervisory Procedure MB 102, which specifies that each applicant must certify that the Superintendent will be promptly advised of any changes which may occur in the information furnished in the

application subsequent to the date upon which the information was furnished.

10. Patriot Financial was reinstated with the Department of State, effective April 10, 2012.

II.

SETTLEMENT TERMS AND CONDITIONS

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

1. The Registrant 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.

2. The Registrant agrees to pay a fine of \$5,000. The Registrant further agrees that such payment will be made in immediately available funds in accordance with Department payment instructions.

3. Failure to make timely payment of this fine shall result in immediate revocation of Patriot Financial's registration.

III.

MISCELLANEOUS TERMS AND CONDITIONS

1. The Settling Parties acknowledge that the Registrant's failure to comply with any of the settlement terms and conditions of this Agreement may result in the Department taking action to revoke Patriot Financial's registration to engage in the business of a mortgage broker under Article 12-D of the Banking Law.

2. The Settling Parties acknowledge 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 Patriot Financial, 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 and 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 or her designee.

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

Attention:

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

7. All written communications to Patriot Financial regarding this Agreement should be sent as follows:

Attention:

Matthew A. Hess
President
1135 Kildaire Farm Road, Suite 220-2
Cary, NC 27511

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.

Patriot Financial, Inc.

By: _____

Matthew A. Hess
President

Dated: _____

New York State Department of Financial Services

By: _____

Rholda L. Ricketts
Deputy Superintendent

Dated: _____