

State of New York
Department of Financial Services

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In the Matter of

Contour Mortgage Corporation
B500843

SETTLEMENT AGREEMENT

A Licensed Mortgage Banker 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 Contour Mortgage Corporation ("Contour") and the State of New York Department of Financial Services ("Department" and collectively, referred to herein as the "Settling Parties"), and evidences an agreement between the Settling Parties to resolve, without a hearing, the herein cited violations by Contour of Articles 12-D and Article 12-E of the New York Banking Law ("Banking Law"), and Part 38 of the General Regulations, upon and subject to the terms and conditions hereof.

I.

RECITALS

1. Contour, headquartered at 1900 Hempstead Turnpike, Suite 206, East Meadow, NY 11554, was granted a license by the Department on October 27, 2005, to engage in the business of a mortgage banker 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 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 Banking Law Article 12-D, 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.

4. The Department found that in the Spring of 2012, Contour was conducting regulated mortgage activity under the name *My Christian Mortgage* and used this name in radio advertisements soliciting potential customers. The Department also found that Contour was conducting New York regulated mortgage activities from internet websites using the following domain names: www.mychristianmortgage.com, www.contourmortgage.com, www.mikeandbrian.com.

5. Contour was not authorized by the Department to conduct New York regulated mortgage activities using any of these domain names.

6. Also, pursuant to the Department's June 1, 2000, industry letter, the domain name of any website used by a licensee or registrant to conduct mortgage banking or brokering activity qualifies as a business address of the licensee or registrant. Therefore, the domain names www.mychristianmortgage.com, www.contourmortgage.com and www.mikeandbrian.com constituted unauthorized business locations of Contour.

7. Accordingly, Contour's use of said unauthorized domain names violated Banking Law Section 591, which requires licensees to apply for and receive Department approval prior to opening a business location; and Banking Law Section 593, which prohibits a mortgage banker from conducting business at a location or in a name other than that shown on its license or branch certificate.

8. In and around the Spring of 2012, Contour allowed loans officers to use the name My Christian Mortgage and the websites www.mychristianmortgage.com, and www.mikeandbrian.com to conduct regulated mortgage activities.

9. Accordingly, Contour violated Part 38, Section 38.11(b) of the General Regulations prohibiting regulated entities from net branching or franchising their license or registration and the Department's Industry Letter entitled "...Net Branching Guidelines, dated June 14, 1999.

II.

SETTLEMENT TERMS AND CONDITIONS

Contour 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. Therefore, in consideration of the promises and covenants set forth herein, the Settling Parties agree, as follows:

1. Contour shall not:
 - a. Under any name or designation conduct or transact business in this state at any physical location that has not been approved by the Superintendent;

- b. Under any name or designation conduct or transact business in this state through the use of any website or domain name that has not been approved by the Superintendent;
- c. Conduct or transact business under any name or designation other than that shown on its license or branch certificate;
- d. Assign mortgage loan originators to locations that are not licensed by the Superintendent;
- e. Engage in net branching or offer net branching opportunities in violation of the Department's prohibition against net branching;
- f. Transfer or assign its mortgage banker license;
- g. Engage in conduct prohibited by Part 38 of the General Regulations.

2. Contour agrees to take all necessary steps to ensure its compliance with all applicable federal and state laws, regulations, supervisory requirements, and guidance letters relating to its mortgage business, including but not limited to:

- a. Complying with the requirements of Banking Law Articles 12-D and 12-E, Part 420 of the Superintendent's Regulations, and Part 38 of the General Regulations;
- b. Assigning mortgage loan originators only to locations licensed by the Superintendent, and displaying the license for each mortgage loan originator working at such location;
- c. Providing the proper oversight and supervision of each individual who becomes employed by, or affiliated as an independent contractor of or consultant for, Contour; and

- d. Maintaining books and records in a manner that will enable the Superintendent to determine whether Contour is complying with all applicable federal and state laws, regulations, supervisory requirements, and guidance letters.

3. Contour agrees to develop a comprehensive operations manual governing its day-to-day operations, which shall, at a minimum, address the:

- a. Establishment of new business locations;
- b. Use of business names and designations;
- c. Activities and supervision of employees, independent contractors, and consultants; and
- d. Maintenance of books and records.

4. Contour agrees to develop a written compliance manual designed to ensure compliance with all applicable federal and state laws, regulations, supervisory requirements, and guidance letters. The manual shall, at a minimum, address:

- a. The designation of an individual responsible for monitoring compliance with all applicable laws, regulations, supervisory requirements, and guidance letters;
- b. Prohibited conduct as described by Section 38.7 of the General Regulations;
- c. The duties of an originating entity as described by Part 420 of the Superintendent's Regulations;
- d. Reporting requirements as described by Part 420 of the Superintendent's Regulations;

- e. Use of business names and designations, domain names, and websites;
- f. The duties and responsibilities of employees, independent contractors, and consultants; and
- g. A compliance training program for employees and independent contractors.

5. Within ninety (90) days from the effective date of this Agreement, Contour agrees to submit drafts of its operations and compliance manuals to the Department.

6. Within one hundred twenty (120) days from the effective date of this Agreement, Contour agrees to submit copies of its final operations and compliance manuals to the Department together with a letter from an authorized officer of Contour indicating his or her approval of said manuals.

7. Contour agrees that its mortgage banking activities will be subject to examinations semi-annually for a twenty-four-month period following the execution of this Agreement.

8. Contour agrees to pay a fine of \$20,000. Contour further agrees that such payment will be made in immediately available funds in accordance with Department payment instructions.

III.

MISCELLANEOUS TERMS AND CONDITIONS

1. The Settling Parties acknowledge that Contour's failure to comply with any of the settlement terms and conditions of this Agreement may result in the Department

taking action to revoke Contour's license to engage in the business of a mortgage banker 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 Contour, 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 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, NY 10004

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

Attention:

Richard A. Pregiato
President
Contour Mortgage Corporation
1900 Hempstead Turnpike, Suite 206
East Meadow, NY 11554

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.

By: _____

Richard A. Pregiato
President
Contour Mortgage Corporation

Dated: _____

By: _____

Rholda L. Ricketts
Deputy Superintendent
State of New York
Department of Financial Services

