

NEW YORK STATE DEPARTMENT
OF FINANCIAL SERVICES

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In the Matter of

CITIZENS MORTGAGE CORPORATION
A Registered Mortgage Broker

SETTLEMENT AGREEMENT

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This Settlement Agreement ("Agreement") is made and entered into by and between Citizens Mortgage Corporation ("Citizens Mortgage", "Registrant") and the New York State Department of Financial Services (the "Department", together with the Registrant, 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. Citizens Mortgage, incorporated under the laws of the State of New Jersey and headquartered at 26-01 Pellack Drive, Fairlawn, NJ 07410, was granted a registration by the Department on April 27, 1988 to engage in the business of a mortgage broker pursuant to Article XII-D of the New York Banking Law ("Banking Law").
2. Citizens Mortgage received authority to engage in business under the laws of the State of New York as a foreign corporation on February 1, 1988.
3. On November 21, 1996 Citizens Mortgage converted its mortgage registration to a licensed mortgage banker.
4. Furthermore, on November 23, 2011, Citizens Mortgage reconverted its banker license back to a broker registration.
5. 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.

6. 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.

7. During a review of Citizens Mortgage'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 September 27, 1995.

8. On February 12, 2013, 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 considers it a registered mortgage broker.

9. Citizens Mortgage's Volume of Operations Report indicates that it conducted mortgage activities in connection with properties located in New York from 2001 to 2012, the period during when its authority to conduct business in New York was terminated. Additionally, the application log also indicated that Citizens Mortgage conducted mortgage activities in connection with properties located in New York from 2010 to 2012.

10. Accordingly, Citizens Mortgage 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.

11. 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 requires that the Registrant promptly advise the Superintendent of any changes which occur in the information furnished in the application subsequent to the date upon which the information was furnished.

12. Citizens Mortgage was reinstated with the Department of State, effective May 3, 2013.

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 payments on any of the installments shall result in immediate revocation of Citizens Mortgage's registration.

III.

MISCELLANEOUS TERMS AND CONDITIONS

1. Citizens Mortgage 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 Citizens Mortgage's registration to engage in the business of a mortgage broker.
2. Citizens Mortgage 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 Citizens Mortgage, 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
New York State Department of Financial Services
One State Street
New York, New York 10004

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

Attention:

John H. De Los Santos
President
Citizens Mortgage Corporation
26-01 Pellack Drive
Fairlawn, NJ 07410

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

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

Citizens Mortgage Corporation

By: _____

John H. De Los Santos
President

Dated: _____

New York State Department of Financial Services

By: _____

Rholda L. Ricketts
Deputy Superintendent

Dated: _____