

NEW YORK STATE DEPARTMENT
OF FINANCIAL SERVICES

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In the Matter of

Semper Home Loans, Inc.
B500944

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 Semper Home Loans, Inc. ("Semper Home") and the State of New York Department of Financial Services ("Department"), 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 Semper Home of Article 12-D of the New York Banking Law ("Banking Law"), Part 420 of the Superintendent's Regulations, and Part 38 of the General Regulations of the Banking Board ("General Regulations"), upon and subject to the terms and conditions hereof.

I.

RECITALS

1. Semper Home, headquartered at 225 Dupont Drive, Providence, RI 02907, was granted a license by the Department on June 30, 2010, 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 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 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.

Unauthorized Branch

4. The Department found that, in the Spring of 2011, Semper Home was operating an unauthorized branch at 245 Main Street, White Plains, NY 10601.

5. Accordingly, the Department determined that Semper Home violated Banking Law Section 591(3), which requires licensees to apply for and receive Department approval prior to opening a branch office; 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; and Section 420.18 of the Superintendent's Regulations, which requires that mortgage bankers assign mortgage loan originators only to locations licensed by the Superintendent.

Unauthorized Domain Names

6. The Department found that Semper Home was conducting New York regulated mortgage activities from Internet websites using the following domain names: www.semperhomeloans.com, www.sempfi.com, and www.myhomeloanoffer.com. Sample printouts from said websites are attached as Exhibit A.

7. Semper Home was not authorized by the Department to conduct New York regulated mortgage activities using any of said domain names.

8. 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.

9. Therefore, the Department found the unauthorized domain names www.semperhomeloans.com, www.sempfi.com, and www.myhomeloanoffer.com to be unauthorized business locations of Semper Home.

10. Accordingly, Semper Home'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.

Net Branching

11. In and around Spring 2011, Semper Home offered net branching opportunities through the website www.mortgagenetbranchopportunities.com, which included the logo "semperbranch Home Loans" and prominently featured an individual associated with Semper Home. Sample printouts from said website are attached as Exhibit B.

12. Said website described said individual as "Branch Manager" at "Semper Home Loans" in "New York City"; as "a branch manager for a mortgage net branch in New York City"; and as "the Branch manager of a Semper Home Loans affiliate net branch." In addition, the Nationwide Mortgage Licensing System and Registry

described said individual as “Branch Manager” and “Loan Originator” at the aforesaid, unlicensed Semper Home branch at 245 Main Street, White Plains, NY 10601.

13. The Department found that Semper Home had both engaged in net branching in New York and offered net branching opportunities in New York.

14. Accordingly, Semper Home violated Section 38.11 of the General Regulations and the prohibition against net branching stated in the Department’s June 14, 1999, industry letter.

Unauthorized Business Names

15. By using unauthorized business names, including but not limited to “semperBranch Home Loans,” “SemperBranch,” and “Semper Branch,” on www.mortgagenetbranchopportunities.com and other Internet websites, Semper Home violated Section 593 of the Banking Law, 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. Examples of the use of said unauthorized business names are attached as Exhibit C.

II.

SETTLEMENT TERMS AND CONDITIONS

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

3. Semper Home 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. Semper Home 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, Semper Home 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, Semper Home agrees to submit copies of its final operations and compliance manuals to the Department together with a letter from an authorized officer of Semper Home indicating his or her approval of said manuals.

7. Semper Home 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. Semper Home agrees to pay a fine of \$20,000 payable in twelve monthly installments, with the first installment of \$1,300 due upon execution of this Agreement.

The remaining eleven payments of \$1,700 are due by the 15th of each successive month until the fine is fully paid.

9. Semper Home 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 Semper Home's failure to comply with any of the settlement terms and conditions of this Agreement may result in the Department taking action to revoke Semper Home'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 Semper Home, 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 Semper Home regarding this Agreement should be sent as follows.

Attention:
Matthew J. Sullivan
President
Semper Home Loans, Inc.
225 Dupont Drive
Providence, RI 02907

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: _____

Matthew J. Sullivan
President
Semper Home Loans, Inc.

By: _____

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

Dated:_____

Dated:_____