

NEW YORK STATE DEPARTMENT
OF FINANCIAL SERVICES

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In the Matter of

**FIRST GUARANTY MORTGAGE
CORPORATION
B500800**

**SETTLEMENT
AGREEMENT**

A Licensed Mortgage Banker Pursuant To
Article 12-D of the New York Banking Law
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This Settlement Agreement (the “Agreement”) is made and entered into by and between First Guaranty Mortgage Corporation. (“FGMC”) and the New York State Department of Financial Services (the “Department”, and collectively with FGMC, the “Parties”) to resolve, without a hearing, the violations of Article 12-D of the New York Banking Law (“Banking Law”), upon and subject to the terms and conditions hereof.

I.

RECITALS

1. FGMC, headquartered at 5800 Tennyson Parkway, Suite 450, Plano, TX 75024, was granted a license by the Department on March 16, 2006 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 of the State of New York (the “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 of the Superintendent provides that a mortgage banker 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 banker.

Unauthorized Domain Name and Website

4. Section 591(3) of the Banking Law requires licensees to apply for and receive permission prior to using a specific business address.

5. Furthermore, pursuant to the Department's June 1, 2000 Industry Letter, the domain name of any website used by a licensee to conduct mortgage banking activity qualifies as a separate business address that must be licensed with the Department.

6. During the June 30, 2014 Examination of FGMC, ("the Examination"), the Department determined that FGMC utilized domain names and websites, www.fgmcwholesale.com, www.fgmccorrespondent.com, and www.hapforms.fgmc.com, to solicit and advertise residential mortgage loan business. FGMC failed to obtain prior authorization from the Department to utilize the aforementioned domain names and websites to conduct New York regulated mortgage business.

7. The Department advised FGMC during the Examination that it must obtain proper authorization to utilize the aforementioned websites. Subsequently, the Department issued a letter to FGMC dated December 19, 2016 advising FGMC that it must obtain the proper authorization from the Department to use the aforementioned domain names and websites. FGMC has since discontinued use of the domain name and website, www.hapforms.fgmc.com.

8. Accordingly, FGMC violated Sections 591(3) of the Banking Law by using unauthorized domain names and websites, www.fgmcwholesale.com, www.fgmcwholesale.com, www.fgmccorrespondent.com, and www.hapforms.fgmc.com.

II.

SETTLEMENT TERMS AND CONDITIONS

IT IS HEREBY UNDERSTOOD AND AGREED by FGMC and all subsidiaries, affiliates, successors, assigns, agents, representatives, and employees, that:

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

2. FGMC 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. ensuring that FGMC obtains the prior approval of the Superintendent of any action that will result in the use a different domain name or website.

3. FGMC agrees to pay a fine of \$7,500, as a penalty, to the Department no later than ten (10) days after the effective date of this Agreement.

4. The payment shall be made by wire transfer in accordance with the Department's payment instructions.

5. Neither FGMC, nor any of its parents, subsidiaries, or affiliates shall, collectively or individually, seek or accept, directly or indirectly, reimbursement or indemnification including, but not limited to, payment made pursuant to any insurance policy, or from any of its parents, subsidiaries, or affiliates, with regard to any or all of the amount payable pursuant to this Agreement.

6. FGMC agrees that it will not claim, assert, or apply for a tax deduction or tax credit with regard to any U.S. federal, state, or local tax, directly or indirectly, for any portion of the penalty paid pursuant to this Agreement.

III.

MISCELLANEOUS TERMS AND CONDITIONS

1. FGMC acknowledges that its failure to fully comply with any of the terms and/or conditions of this Agreement may result in the Department taking action to suspend or revoke its registration to engage in the business of a mortgage broker under Article 12-D of the Banking Law.

2. The Superintendent has agreed to the terms of this Agreement based on the written representations made to the Department, or the written materials submitted to the Department, by FGMC, either directly or through its counsel, and the Department's findings. To the extent that the written representations or written submissions, made by FGMC to the Department, either directly or through its counsel, are later found to be materially incomplete or inaccurate, this Agreement is voidable by the Superintendent in her sole discretion.

3. Upon the request of the Department, FGMC shall provide all documentation and information necessary for the Department to verify full compliance with this Agreement.

4. FGMC represents and warrants, through the signature below, that the terms and conditions of this Agreement were duly approved, and execution is duly authorized.

5. This Agreement and any dispute thereunder shall be governed by the laws of the State of New York without regard to any conflict of laws principles.

6. FGMC waives all rights to further notice and hearing in this matter as to any allegations of past violations up to and including the effective date of this Agreement and agrees

that no provision of this Agreement is subject to review in any court or tribunal outside of the Department.

7. In the event that one or more provisions contained in this Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement.

8. FGMC acknowledges that entering into this Agreement shall not bar, estop, or otherwise prevent the Superintendent, or any state, federal or local agency or department from taking any other, or additional, action affecting Academy , or 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.

9. This Agreement may not be altered, modified, or changed unless in writing signed on behalf of all parties to this Agreement.

10. This Agreement shall be enforceable and remain in effect until stayed, modified, suspended, or terminated in writing by the Superintendent.

11. This Agreement may be executed in one or more counterparts. The effective date of this Agreement is the date on which it is executed by the Deputy Superintendent.

12. 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, NY 10004

13. All written communication to FGMC regarding this Agreement should be sent as follows:

Attention:

Aaron W. Samples
Chief Executive Officer
First Guaranty Mortgage Corporation
5800 Tennyson Parkway, Suite 450
Plano, TX 75024

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

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

First Guaranty Mortgage Corporation

By: _____ /S/ _____

Aaron W. Samples
Chief Executive Officer

Dated: _____

New York State Department of Financial Services

By: _____ /S/ _____

Rholda L. Ricketts
Deputy Superintendent

Dated: _____