

*State of New York*  
*Banking Department*

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In the Matter of

**SHADOWOOD MORTGAGE CORP.**  
**A005672**

**SETTLEMENT AGREEMENT**

A Registered 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 Shadowood Mortgage Corp. (the, "Registrant") and the State of New York Banking Department ("Banking Department"), collectively (the "Settling Parties"), evidencing an agreement between the Settling Parties to resolve, without a hearing, the violations cited herein by the Registrant of the State of New York Banking Law 594-b (1) and Section 104.1(a) of Supervisory Procedure MB 104, upon and subject to the terms and conditions hereof.

I.

**RECITALS**

1. Shadowood Mortgage Corp. headquartered at 4 Nancy Court, Suite 5, Wappingers Falls, New York 12590 was granted a registration by the Banking Department on June 19, 2003 to engage in the business of a mortgage broker pursuant to Article XII-D of the New York Banking Law ("Banking Law").

2. Section 44.1(a) of the Banking Law provides, in part, that the New York Superintendent of Banks ("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.

3. Part 38 Section 38.8 of the General Regulations of the Banking Board, provides that a mortgage broker may be subject to disciplinary action by the Banking 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.

4. On December 30, 2010, the Banking Department received a mortgage broker change of control application indicating the sale of 40% of Shadowood to Vicki Kessler.

5. A sales agreement dated August 2010 indicates Vicki Kessler purchased shares of stock of the Registrant from Joann H. Mohan, Trustee of the Survivors Trust created under the Francis X. Mohan and Joann H. Mohan Family Trust and Francis X. Mohan III and Sandra K. Mohan, Co-trustees of the Francis X. Mohan III and Sandra K. Mohan Family Trust ("Mohan Family Trust").

6. A subscription agreement dated October 30, 2008 shows the sale of 100 shares by the sole owner, Jessica M. Schoen to the Mohan Family Trust.

7. A review of the Banking Department records disclosed that the Banking Department was never notified of the sale of shares of the Registrant to the Mohan Family Trust in 2008.

8. Furthermore, the Registrant failed to submit a mortgage broker change of control application in 2008 to register the new owner(s).

9. The Banking Department became aware of Shadowood's unauthorized change of control and notified the registrant by letter dated January 26, 2011.

10. The Registrant failed to notify the Banking Department of the change in control in violation of Section 594-b(1) of the New York State Banking Law, which requires a registrant

to obtain the prior approval of the Superintendent for any action to be taken which results in a change of control of the business of a registrant.

11. In addition, Ms. Shoen failed to submit a mortgage broker change of control application to effectively register the new owners pursuant to Supervisory Procedure MB 104.1(a), which specifies any person or entity seeking to acquire control of a mortgage broker shall submit to the Superintendent an application accompanied by payment of the application fee.

## II.

### SETTLEMENT TERMS AND CONDITIONS

Without admitting or denying the Department's findings, 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, including but not limited to, obtaining the prior approval of the Superintendent for any action that will result in a change of control of the Registrant.

2. The Registrant agrees to pay a fine of \$1,500. The Registrant further agrees that such payment will be made in immediately available funds in accordance with Banking Department payment instructions.

3. The Registrant agrees to submit an additional payment of \$1,500 for the mortgage broker change in control application fee.

4. The Registrant agrees to submit a reconciliation of current ownership structure indicating the distribution of Shadowwood's shares of stock.

### 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 Banking Department taking action to revoke the Registrant'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 the Registrant, 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 of Banks for Mortgage Banking.

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

Attention:

Rholda L. Ricketts  
Deputy Superintendent of Banks  
Mortgage Banking Division  
State of New York Banking Department  
One State Street,  
New York, New York 10004

7. All written communications to the Registrant Company regarding this Agreement should be sent as follows.

Attention:

Jessica M. Shoen  
Shadowood Mortgage Corp.  
4 Nancy Court, Suite 5  
Wappingers Falls, NY 12590

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: \_\_\_\_\_

Jessica M. Shoen  
Shadowood Mortgage Corp.

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Rholda L. Ricketts  
Deputy Superintendent of Banks  
State of New York Banking Department

Dated: \_\_\_\_\_