

State New York Department  
of Financial Services

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In the Matter of

**NRF FUNDING CORP.  
A005101**

**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 NRF Funding Corp. ("NRF") and the New York State Department of Financial Services (the "Department" and collectively with NRF, the "Settling Parties") evidencing an agreement between the Settling Parties to resolve, without a hearing, violations of regulations promulgated pursuant to Article 12-D of the New York Banking Law ("Banking Law"), cited herein by the Department, upon and subject to the terms and conditions hereof.

**I.**

**RECITALS**

1. NRF, having an original principal place of business at 871 Willis Avenue, Albertson, New York 11507, was granted a registration by the Department on February 20, 2001, as a mortgage broker pursuant to Article 12-D of the Banking Law. Currently, NRF's principal place of business is 265 Sunrise Highway, Suite 53, Rockville Centre, New York 11570.

2. Section 44 of the Banking Law provides, in part, that 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 any violation of the Banking Law and/or regulation promulgated thereunder.

3. Section 38.8 of the General Regulations 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.

4. During the time when NRF's principal office was located at 9 South Long Beach Road, Rockville Centre, New York 11570, it conducted mortgage brokering business with Home Affordable Forensic Corp ("Forensic"), by permitting the use of its name and the designation "Registered Mortgage Broker – NYS Banking Dept. – All Loans arranged through third party lender," in certain contractual agreements, which enabled Forensic to collect various fees relating to mortgage loan applications.

5. By conducting mortgage brokering business with Forensic, NRF violated 3 NYCRR § 38.7(a)(2), which prohibits a mortgage broker from "conduct[ing] business with an entity which it knows or should have known is an unregistered mortgage broker or an unlicensed mortgage banker."

**II****SETTLEMENT TERMS AND CONDITIONS**

NRF 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:

1. NRF 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) complying with the requirements of Article 12-D of the Banking Law, and Part 38 of the General Regulations;
- b) ensuring that it will not conduct business with entities that it knows or should know are unregistered mortgage brokers or unlicensed mortgage bankers; and
- c) ensuring that it will not transfer or assign its mortgage broker certificate to any other company.

2. NRF agrees to develop appropriate compliance policies and procedures designed to ensure compliance with all applicable federal and state laws, regulations, supervisory requirements and guidance letters. The policies and procedures shall, at a minimum: (i) designate an individual responsible for monitoring compliance with all applicable federal and state laws, regulations, supervisory requirements and guidance letters; and (ii) establish a training program to ensure that NRF and its employees understand all applicable federal and state laws, regulations, supervisory

requirements and guidance letters.

3. Within ninety (90) days from the effective date of this Agreement, NRF agrees to submit a draft of its compliance policies and procedures to the Department.

4. Within thirty (30) days from receipt of non-objection or any comments from the Department, and after incorporation and adoption of all comments, NRF agrees to submit a copy of its final compliance policies and procedures to the Department together with a letter from an authorized officer of NRF indicating his/her approval of such policies and procedures.

5. NRF agrees to pay a fine of \$ 10,000.

6. NRF further agrees that such payment will be made in immediately available funds in accordance with the Department's payment instructions.

### **III.**

#### **MISCELLANEOUS TERMS AND CONDITIONS**

1. NRF 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 NRF's registration to engage in the business of a mortgage broker under Article 12-D of the Banking Law.

2. NRF 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 NRF, 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

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 NRF regarding this Agreement should be sent as follows.

Attention:

Frank T. Skarren  
President  
NRF Funding Corp.  
265 Sunrise Highway, Suite 53  
Rockville Centre, NY 11570

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.

NRF Funding Corp.

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

Frank T. Skarren  
President

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

New York State Department of Financial Services

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

Rholda L. Ricketts  
Deputy Superintendent

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