

New York State Department
of Financial Services

_____ X
In the Matter of

PrimeSource Mortgage, Inc.
A007426

SETTLEMENT AGREEMENT

A Registered Mortgage Broker Pursuant To
Article XII-D of the New York Banking Law
_____ X

This Settlement Agreement ("Agreement") is made and entered into by and between PrimeSource Mortgage, Inc. (the "Entity" or "PrimeSource") and the New York State Department of Financial Services (the "Department" and collectively with the Entity, the "Settling Parties") evidencing an agreement between the Settling Parties to resolve, without a hearing, violations of Article 12-D of the New York Banking Law ("Banking Law"), and Section 301 of the New York Business Corporation Law, and subject to the terms and conditions hereof.

I.

RECITALS

1. The Entity, which previously operated as United Community Mortgage Corporation ("United Community"), was granted a license by the Department on July 7, 2006, pursuant to Article 12-D of the Banking Law, to engage in business as a mortgage banker at 35 Broad Street, Keyport, NJ 07735.

2. On April 2, 2014, the Entity surrendered its mortgage banker license. On April 14, 2014, the Department approved a registration for the Entity under the name PrimeSource Mortgage, Inc., pursuant to Article 12-D of the Banking Law, to

engage in business as a mortgage broker, at 5900 Mosteller Drive, Suite 3, Oklahoma City, OK 73112.

3. 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 a violation of the Banking Law and/or any regulation promulgated thereunder.

4. 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.

Unauthorized Change of Location

5. Based on information, the Department determined that the Entity, as a licensed mortgage banker, solicited New York regulated mortgage loans while located at 1112 North Main Street, Roswell, NM 88201, in July 2012.

6. The Entity failed to forthwith notify the Superintendent of the change in its business location from 35 Broad Street, Keyport, NJ 07735 to 1112 North Main Street, Roswell, NM 88201. Therefore, the Entity violated Section 593 of the Banking Law, which requires licensees to forthwith notify the Superintendent of a changed location.

Unauthorized Domain Name

7. Pursuant to the Department's June 1, 2000 industry letter, the domain

name of any website used by a licensee or a registrant to conduct mortgage banking or brokering activity qualifies as a business address.

8. In 2005, the Entity placed an advertisement, promoting and soliciting New York regulated mortgage loans, on a website identified as “unitedcommunitymortgagecorporation.homesandland.com.” The advertisement continued until at least 2012. A sample of the advertisement is annexed as Exhibit A.

9. Additionally, the Entity placed an advertisement, promoting New York regulated mortgage loans, on a website identified as on “psmwwyh.com.” A sample of the advertisement is annexed as Exhibit B.

10. The Entity failed to obtain authorization from the Department to utilize the domain names “unitedcommunitymortgagecorporation.homesandland.com” or “psmwwyh.com” to conduct New York regulated mortgage activities.

11. Accordingly, while it was a mortgage banker, the Entity violated Section 591(3) Article 12-D of the Banking Law, which requires licensees to apply for and receive permission prior to using a specific business address.

Unauthorized Usage of Assumed Name

12. The advertisement in psmwwyh.com stated “PrimeSource Mortgage a dba of United Community Mortgage Corporation.” It also stated NMLS# 16981, which is the unique identifier of the Entity.

13. By stating PrimeSource Mortgage as a dba of United Community, the advertisement promoted PrimeSource Mortgage as an assumed name.

14. The Entity did not receive approval from the Department to use the

assumed name PrimeSource Mortgage prior to using it in advertisements.

15. Accordingly, while it was a mortgage banker, the Entity violated Section 595-a(2)(a) Article 12-D of the Banking Law, which provides in part that all advertisements by a licensee or registrant shall contain the name of such entity which shall conform to a name on record with the Department.

Unauthorized Usage of Restricted Word

16. The Entity utilized the word “mortgage” in the name “PrimeSource Mortgage” to promote New York regulated mortgages in the psmwwyh.com advertisement.

17. The Entity failed to receive approval from the Department prior to using the restricted word or a derivative of the word “mortgage” in its name.

18. Accordingly, the Entity violated Section 301(a)(5)(B) of the Business Corporation Law, which prohibits the use of the word or a derivative of the word “mortgage” in the name of a corporation without receiving approval from the Superintendent.

II.**SETTLEMENT TERMS AND CONDITIONS**

PrimeSource is willing to resolve the violations 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. PrimeSource 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 of the Superintendent;
- b. not conducting or transacting business in the state under any assumed name or designation using any website, domain, or other name that has not been approved by the Superintendent or using the word "mortgage" or other restricted words in its name without prior approval by the Superintendent; and
- c. ensuring that it will provide appropriate training for its employees regarding the utilization of any assumed name or any website, domain, or other name;

2. PrimeSource agrees to develop appropriate written compliance policies and procedures designed to ensure compliance with all applicable federal and state laws, regulations, supervisory requirements, and guidelines. 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 guidelines; (ii) include a listing of all applicable laws and regulations; (iii) establish a mechanism for ensuring that all applicable laws and regulations are met; (iv) establish a training program to ensure that PrimeSource and its employees involved in establishing new branch locations and utilizing new assumed names understand all applicable federal and state laws and regulations.

3. Within ninety (90) days from the effective date of this Agreement, PrimeSource 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, PrimeSource agrees to submit a copy of its final compliance policies and procedures to the Department together with a letter from an authorized officer of PrimeSource indicating his/her approval of such policies and procedures.

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

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

2. PrimeSource 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 PrimeSource, 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 PrimeSource regarding this Agreement should be sent as follows.

Attention:

Jeffrey R. Smith
President
PrimeSource Mortgage, Inc.
5900 Mosteller Drive, Suite 3
Oklahoma City, OK 73112

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.

PrimeSource Mortgage, Inc.

By: _____

Jeffrey R. Smith
President

Dated: _____

New York State Department of Financial Services

By: _____

Rholda L. Ricketts
Deputy Superintendent

Dated: _____