

New York State Department
of Financial Services

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In the Matter of

**FFC MORTGAGE CORP.
B500638**

SETTLEMENT AGREEMENT

A Licensed Mortgage Banker 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 FFC Mortgage Corp. ("FFC Mortgage" or the "Licensee") and the New York State Department of Financial Services (the "Department" collectively, with the Licensee, the "Settling Parties") evidencing an agreement between the Settling Parties to resolve, without a hearing, the violations of Article 12-D of the New York Banking Law ("Banking Law"), Section 301 of the New York Business Corporation Law ("BCL"), and Section 130 of the General Business Law, upon and subject to the terms and conditions hereof.

I.

RECITALS

1. The Licensee, headquartered at 2595 Brighton Henrietta Town Line Rd., Rochester, NY 14623, was granted a license by the Department on July 6, 2000 to engage in business as 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 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 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 Names

4. 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.

5. The Licensee used the domain name and website "residentialreverse.com" to promote New York regulated residential mortgages. A sample of the website is annexed as Exhibit A.

6. The Licensee failed to obtain authorization to utilize the domain name residentialreverse.com to conduct regulated New York mortgage business.

7. Accordingly, the Licensee violated Section 591(3) of the Banking Law, which requires licensees to apply for and receive permission prior to using a specific business address.

Unauthorized Name Utilized

8. According to the Department's records, the Licensee was authorized to use the name "FFC Mortgage Corp." to conduct New York regulated mortgage business.

9. In the website "residentialreverse.com," the Licensee utilized the assumed name "Residential Reverse Mortgage" to engage in New York regulated mortgage

business.

10. Section 595-a(2)(a) of the Banking Law, in part, provides that all advertisements by a mortgage banker contain the name which conforms to a name on record with the Department.

11. Section 130.1(b) of the General Business Law provides that that no one shall carry on or conduct or transact business in this state under any name or designation other than his or its real name unless such person files a Certificate of Assumed Name with the New York Secretary of State.

12. Accordingly, the Licensee's usage of the unauthorized assumed name "Residential Reverse Mortgage" constituted a violation of Section 595-a(2)(a) of the Banking Law and Section 130.1(b) of the General Business Law.

Unauthorized Usage of Restricted Word

13. The Licensee utilized the word "mortgage" in the name "Residential Reverse Mortgage" to promote New York residential mortgages.

14. The Licensee failed to receive approval from the Department to use the restricted word or a derivative of the word "mortgage" in the name "Residential Reverse Mortgage."

15. Accordingly, the Licensee violated BCL Section 301(a)(5)(B), 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

FFC Mortgage is willing to resolve the violations 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. FFC Mortgage 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; and
 - b. not conducting or transacting business in this state under any name, assumed name or designation using any website, domain, or other name that has not been approved by the Superintendent.
2. FFC Mortgage agrees to develop appropriate written advertisement policies and procedures designed to ensure compliance with all applicable federal and state laws, regulations, supervisory requirements and guidance letters. The advertisement 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 FFC Mortgage and its employees involved in loan origination 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, FFC Mortgage agrees to submit a draft of its advertisement policies and procedures to the Department for review.

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

5. FFC Mortgage agrees to pay a fine of \$ 6,000.

6. FFC Mortgage 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. FFC Mortgage 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 FFC Mortgage's license to engage in the business of a mortgage banker under Article 12-D of the Banking Law.

2. FFC Mortgage 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 FFC Mortgage, 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 FFC Mortgage regarding this Agreement should be sent as follows.

Attention:

Mr. Thomas J. Flaherty
President
FFC Mortgage Corp.
2595 Brighton Henrietta Town Line Rd.
Rochester, NY 14623

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.

FFC Mortgage LLC

By: _____

Thomas J. Flaherty
President

Dated: _____

New York State Department of Financial Services

By: _____

Rholda L. Ricketts
Deputy Superintendent

Dated: _____