

New York State Department  
of Financial Services

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In the Matter of

**MNS MORTGAGE LLC  
IN LIEU OF ITS TRUE CORPORATE NAME  
MORTGAGE NETWORK SOLUTIONS, LLC  
A007169**

**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 MNS Mortgage LLC in lieu of its true corporate name Mortgage Network Solutions, LLC ("MNS Mortgage" or the "Registrant") and the New York State Department of Financial Services (the "Department") (collectively, with the Registrant, the "Settling Parties") evidencing an agreement between the Settling Parties to resolve, without a hearing, the violations of Sections 591-a(2) and 595-a(2)(a) of the New York Banking Law ("Banking Law"), Sections 38.2(d) and 38.7 of the General Regulations of the Superintendent ("General Regulations"), and Section 410.7(a) of the Superintendent's Regulations upon and subject to the terms and conditions hereof.

**I.**

**RECITALS**

1. The Registrant, headquartered at 2401 Pennsylvania Avenue, Suite 102 Wilmington, DE 19806, was granted a registration by the Department on June 10, 2008 to engage in business as a mortgage broker pursuant to Article 12-D of the Banking Law.

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 a violation of the Banking Law and any 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. The Department conducted an examination of the Registrant's mortgage lending activities as of March 31, 2012 (the "Examination").

#### **Failure to Place the Requisite Statement in Advertisements**

5. Section 38.2(d) of the General Regulations provides that any advertisement by a mortgage broker must contain a statement to the effect that the mortgage broker arranges mortgage loans with third-party providers.

6. The Examination discovered that MNS Mortgage's approved website, [www.mortgagens.com](http://www.mortgagens.com), did not contain the requisite language indicating that it arranges loans with third-party providers.

7. Accordingly, the Registrant has violated Section 38.2(d) of the General Regulations.

### **Failure to Keep Proper Records**

8. Section 410.7(a) of the Superintendent's Regulations requires a mortgage broker to keep its books and records in a manner that will allow the Superintendent to determine whether the mortgage broker is complying with article 12-D of the Banking Law.

9. The Examination found that loan files for certain borrowers contained loan applications without the correct branch identifier or the name of the originating entity.

10. Additionally, the loan application was not included in at least one loan file.

11. Accordingly, the Registrant has violated Section 410.7(a) of the Superintendent's Regulations.

### **Failure to Maintain Source of Applications**

12. Section 410.7(a)(4)(v) of the Superintendent's Regulations requires a mortgage broker to maintain a centralized application log in which the source of each application is identified.

13. The Examination found that MNS Mortgage's application log did not contain the source of each application as required.

14. Accordingly, the Registrant has violated Section 410.7(a)(4)(v) of the Superintendent's Regulations.

### **Unauthorized Domain Names**

15. Section 591-a(2) of the Banking Law requires registrants to apply for and receive the Department's permission before using a specific business address.

16. 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.

17. The Registrant used the domain names and websites “rateshopfha.com” during a period including January 2014; “mortgagenetworksolutionsllc.com” during a period including February 2014; and “closemyloan.net” during a period including February 2015 to promote New York regulated residential mortgages. A sample of each website is annexed as Exhibit A, Exhibit B, and Exhibit C respectively.

18. The Registrant failed to obtain the Department’s authorization to utilize the aforementioned domain names to conduct regulated New York mortgage business.

19. Accordingly, the Registrant has violated Section 591-a(2) of the Banking Law.

### **Unauthorized Usage of FHA**

20. Section 38.7(e)(1) of the General Regulations provides that no mortgage broker shall misrepresent or conceal material loan terms, or make false promises to induce an applicant to apply for a mortgage loan.

21. Title 18 U.S.C. Section 709 prohibits the utilization of the FHA letters in a name without authorization from the Department of Housing and Urban Development (“HUD”).

22. The Registrant utilized the letters “FHA” in the domain name “rateshopfha.com” to engage in New York regulated mortgage business.

23. Additionally, the Registrant advertised itself as a “FHA Direct Lender” in the website “rateshopfha.com” while it was not a HUD authorized “FHA Direct Lender.”

24. Through its use of the letters “FHA” and its self-advertisement as a “FHA

Direct Lender” in the domain name and website “rateshopfha.com,” consumers could have been misled into believing that the Registrant had received the authorization of the HUD and/or the FHA.

25. Accordingly, the Registrant’s usage of the letters “FHA” constitutes a violation of Section 38.7(a)(1) of the General Regulations.

### **Unauthorized Name Utilized**

26. Section 595-a(2)(a) of the Banking Law, in part, provides that all advertisements by a mortgage broker must contain the name that the Department had authorized such mortgage broker to use in conducting New York regulated mortgage business.

27. Section 130.1(b) of the General Business Law provides that that no person or entity shall carry on, conduct or transact business in New York 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.

28. According to the Department’s records, the Registrant was authorized to use the name “MNS Mortgage LLC” to conduct New York regulated mortgage business.

29. The aforementioned websites utilized the name “Mortgage Network Solutions.”

30. The websites failed to state the name the Registrant was authorized to use in conducting New York regulated mortgage business.

Accordingly, the Registrant’s usage of the unauthorized name “Mortgage Network Solutions” constitutes a violation of Section 595-a(2)(a) of the Banking Law.

## II

### SETTLEMENT TERMS AND CONDITIONS

MNS 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. MNS 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, Part 38 of the General Regulations, and Part 410 of the Superintendent's Regulations;

b. not conducting or transacting business in this state under any name, assumed name or designation, using any website, domain name, or other name that has not been approved by the Superintendent; and

c. ensuring that its domain names do not use the letters "FHA" and that its advertisements do not use the letters "FHA" in a way that could convey the false impression that the Registrant has some connection with, or authorization from, HUD or FHA.

2. MNS Mortgage agrees to develop appropriate written compliance and 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 MNS Mortgage 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, MNS Mortgage agrees to submit a draft of its compliance and 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, MNS Mortgage agrees to submit a copy of its final compliance and advertisement policies and procedures to the Department together with a letter from an authorized officer of MNS Mortgage indicating his/her approval of such advertisement policies and procedures.

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

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

### **III.**

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

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

2. MNS 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 MNS

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 for Mortgage Banking.

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

All written communications to MNS Mortgage regarding this Agreement should be sent as follows:

Attention:

Cheryl Ann Rappucci  
Owner  
MNS Mortgage LLC.  
In Lieu of Its True Corporate Name  
Mortgage Network Solutions, LLC  
2036 Foulk Road, Suite 102  
Wilmington, DE 19810

7. This Agreement is not confidential; therefore it is available to the public.

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

MNS Mortgage LLC

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

Cheryl Ann Rappucci  
Owner

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

New York State Department of Financial Services

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

Rholda L. Ricketts  
Deputy Superintendent

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