

New York State Department
of Financial Services

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In the Matter of

**WASHINGTON EQUITIES MORTGAGE CORP.
A005835**

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 Washington Equities Mortgage Corp. (“WEM”) and the New York State Department of Financial Services (the “Department”, and collectively, with WEM, the “Settling Parties”) evidencing an agreement between the Settling Parties to resolve, without a hearing, violations of Part 38 of the General Regulations of the Superintendent, Parts 410 and 420 of the Superintendent’s Regulations, Sections 597 and 599 of the New York Banking Law (“Banking Law”), and Section 380-B of the New York General Business Law, upon and subject to the terms and conditions hereof.

I.

RECITALS

1. WEM, headquartered at 2949 Long Beach Road Suite 1 & 11-14, Oceanside, NY 11572, was granted a registration by the Department on February 10, 2004 to engage in business as a mortgage broker pursuant to Article 12-D of the Banking Law.

2. Sections 44 and 598 of the Banking Law provide, in part, that the Superintendent of Financial Services (“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 38.8 of the General Regulations of the Superintendent 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 WEM's mortgage brokering activities as of December 31, 2014 (the "2014 Examination") which disclosed violations of Part 38 of the General Regulations of the Superintendent, Parts 410 and 420 of the Superintendent's Regulations, Sections 597 and 599-m(3) of the New York Banking Law and Section 380-B of the New York General Business Law. Specifically, WEM failed to: (i) maintain adequate books and records; (ii) file quarterly reports of MLOs newly employed and terminated; (iii) comply with regulatory notification requirements; and (iv) provide consumers with required loan disclosure documents.

II.

SETTLEMENT TERMS AND CONDITIONS

WEM 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. WEM shall correct the violations cited herein and 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 federal and state laws and regulations governing mortgage loan origination and credit extension activities;
 - b. ensuring that all documents, books and records for loans secured by 1-4 four family

residential property located in New York are accurately maintained and preserved for inspection in compliance with the provisions of applicable laws and regulations.

For the purpose of this Agreement, books and records include without limitation paper and electronic records, financial statements and account ledgers; and

- c. notify the Department of relevant changes and information when appropriate.
2. WEM agrees to develop and implement a Compliance Management Program (“CMP”), designed to ensure compliance with all applicable federal and state laws, regulations, supervisory requirements and guidance letters. The CMP shall, at a minimum: (i) include an enterprise wide risk assessment that adequately identify the inherent risks throughout WEM’s operations; (ii) designate an individual responsible for monitoring compliance with all applicable federal and state laws, regulations, supervisory requirements and guidance letters; and (iii) establish a training program to ensure that WEM employees are knowledgeable about applicable laws and regulations, supervisory requirements and guidance letters and WEM’s internal policies and procedures governing its mortgage loan origination activities.
 3. WEM agrees to pay a fine of \$7,500 upon execution of this Agreement.
 4. WEM further agrees that such payment will be made by wire transfer in accordance with the Department’s payment instruction.
 5. Neither WEM, nor any of its parents, subsidiaries, or affiliates shall, collectively or individually, seek or accept, directly or indirectly, reimbursement or indemnification, including but not limited, to payment made pursuant to any insurance policy, or from any of its parents, subsidiaries, or affiliates, with regard to any or all of the amount payable pursuant to this Agreement.
 6. WEM agrees that it will not claim, assert, or apply for a tax deduction or tax credit

with regard to any U.S. federal, state or local tax, directly or indirectly, for any portion of the penalty paid pursuant to this Agreement.

III.

MISCELLANEOUS TERMS AND CONDITIONS

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

2. The Superintendent has agreed to the terms of this Agreement based on the representation made to the Department, or written materials submitted to the Department, by WEM either directly or through its counsel and the Department's findings in the Examination. To the extent that, the written representations or written submissions made by WEM to the Department either directly or through its counsel are later found to be materially incomplete or inaccurate, this Agreement is voidable by the Superintendent in her sole discretion.

3. Upon the request of the Department, WEM shall provide all documentation and information necessary for the Department to verify full compliance with this Agreement.

4. WEM represents and warrants, through the signature below, that the terms and conditions of this Agreement were duly approved, and execution is duly authorized.

5. No further action will be taken by the Department against WEM for the specific conduct set forth in this Agreement, provided that WEM fully complies with the terms of this Agreement.

6. This Agreement and any dispute thereunder shall be governed by the laws of the State of New York without regard to any conflict of laws principles.

7. WEM waives all rights to further notice and hearing in this matter as to any allegations of past violations up to and including the effective date of this Agreement and agrees that no provision of the Agreement is subject to review in any court of tribunal outside of the Department.

8. In the event that one or more provisions contained in this Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement.

9. WEM 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 WEM, 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.

10. This Agreement may not be altered, modified or changed unless in writing signed by the Superintendent or his designee.

11. This Agreement shall be enforceable and remain in effect unless stayed or terminated in writing by the Superintendent or his designee.

12. The effective date of this Agreement is the date on which it is executed by the Deputy Superintendent for Mortgage Banking.

13. 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

14. All written communications to WEM regarding this Agreement should be sent as follows:

Attention:

Edward Randazzo
President
Washington Equities Mortgage Corp.
2949 Long Beach Road, Suite 1 & 11-14
Oceanside, New York 11572

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

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

Washington Equities Mortgage Corp.

By: _____/s/_____

Edward Randazzo
President

Dated: _____

New York State Department of Financial Services

By: _____/s/_____

Rholda L. Ricketts
Deputy Superintendent

Dated: _____