

New York State Department
of Financial Services

In the Matter of X

United Security Financial Corp.
B501037

SETTLEMENT AGREEMENT

A Licensed Mortgage Banker Pursuant to
Article XII – D of the New York Banking
_____X

This Settlement Agreement ("Agreement") is made and entered into by and between United Security Financial Corp. ("USF") and the New York State Department of Financial Services (the "Department" and collectively with USF, the "Settling Parties") evidencing an agreement between the Settling Parties to resolve, without a hearing, violations of Article 12-D Section 590 of the New York Banking Law ("Banking Law"), and subject to the terms and conditions hereof.

I.

RECITALS

1. USF, headquartered at 930 East 6600 South, Murray, UT 84121, is a licensed mortgage banker pursuant to Article 12-D of the Banking Law.
2. Sections 44 and 598 of the Banking Law provides, 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. Part 418.10 of the Superintendent's Regulations provides that a fine may be imposed for any violation of the Banking Law, any regulation promulgated thereunder, any final or temporary order issued pursuant to Section 39 of the Banking Law, any condition imposed in connection with the grant of any application or request or any written agreement entered into with the Superintendent, or any conduct which would constitute grounds for revocation or suspension of the registration of a mortgage loan servicer.

Prohibited Conduct

4. During the 2013 examination of another entity registered as a mortgage broker, examiners noted that USF originated eight mortgage loans in 2011 and two in 2012 on 1–4 family residential property located in New York with the express purpose of also servicing said loans. This activity occurred prior to USF obtaining a license to conduct business in the state as a mortgage banker.

5. Accordingly, USF, by originating the eight mortgage loans in 2011, violated Section 590-(2)(a) of Article 12-D of the Banking Law and Part 410 of Superintendent's Regulations, which states that no person, partnership, association, corporation or other entity shall engage in the business of making mortgage loans without first obtaining a license from the superintendent in accordance with the licensing procedure provided in this article and such regulations.

6. It was also determined that USF has been engaged in mortgage loan servicing activities for the aforementioned 10 mortgage loans in New York State since July 2011 without registering with the superintendent.

7. Accordingly, USF violated Section 590(2)(b-1) and Part 418 of the Superintendent's Regulations which states that no person, partnership, association,

corporation or other entity shall engage in the business of servicing mortgage loans with respect to any property located in this state without first being registered with the superintendent as a mortgage loan servicer.

II.

SETTLEMENT TERMS AND CONDITIONS^[1]

USF 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. USF 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 banking business, including, submitting to the Department its policy and procedures related to its state and federal licensing and provide a board approved compliance program detailing its regulatory oversight.
2. USF agrees to pay a fine of \$20,000.
3. USF 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. USF 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 deny USF's license to engage in the business of a mortgage banker under Part 418 of the Superintendent's Regulations and Article 12-D of the Banking Law.

2. USF 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 USF, 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 her 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 or her designee.

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

1. All written communications to USF regarding this Agreement should be sent as follows:

Attention:

Annie Lois Johnson
CEO
United Security Financial Corp.
930 East 6600 South
Murray, UT 84121

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

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

United Security Financial Corp.

By: _____

Annie Lois Johnson
CEO

Dated: _____

New York State Department of Financial Services

By: _____

Rholda L. Ricketts
Deputy Superintendent

Dated: _____