

STATE OF NEBRASKA
Department of Banking & Finance

| | | |
|--------------------------|---|--------------------|
| IN THE MATTER OF: |) | FINDINGS OF FACT |
| Nationstar Mortgage LLC, |) | CONCLUSIONS OF LAW |
| d/b/a Champion Mortgage, |) | AND |
| 350 Highland Drive, |) | CONSENT ORDER |
| Lewisville, Texas |) | |

THIS MATTER comes before the Nebraska Department of Banking and Finance (“DEPARTMENT”), by and through its Director, pursuant to its authority under the Residential Mortgage Licensing Act, Neb. Rev. Stat. §§ 45-701 to 45-754 (Reissue 2004; Cum. Supp. 2008; Supp. 2009; LB 892, 2010) (“the Act”). Pursuant to Neb. Rev. Stat. § 45-741 (LB 892, 2010), the DEPARTMENT has investigated the actions of Nationstar Mortgage LLC, d/b/a Champion Mortgage, 350 Highland Drive, Lewisville, Texas (“NATIONSTAR”). As a result of such investigation, and being duly advised and informed in the matter, the Director and NATIONSTAR enter into the following Findings of Fact, Conclusions of Law, and Consent Order.

FINDINGS OF FACT

1. On October 1, 2001, the DEPARTMENT issued a mortgage banker license to Centex Home Equity Company, LLC which subsequently changed its name to NATIONSTAR. NATIONSTAR has annually renewed its license pursuant to Neb. Rev. Stat. § 45-706 (Supp. 2009).

2. On January 2, 2008, the DEPARTMENT joined the Nationwide Mortgage Licensing System (“NMLS”), an online licensing database. The NMLS utilizes standardized application forms including the Form MU1, Uniform Mortgage

Lender/Mortgage Broker Form (“Form MU1”). Form MU1 is used by each mortgage banker licensee and applicant to report information to the DEPARTMENT including its legal name, trade names, address, ownership, and any regulatory orders and/or proceedings.

3. NATIONSTAR submitted a Form MU1 to the DEPARTMENT on February 14, 2008, as its 2008 Mortgage Banker License Renewal Application. The NMLS assigned NATIONSTAR NMLS #2119 as its unique identifier. Since February 19, 2008, NATIONSTAR has submitted various Form MU1 amendments to the DEPARTMENT via the NMLS.

4. As part of each amended Form MU1 filing, NATIONSTAR attested to the accuracy of the information contained in its Form MU1 as follows:

I . . . make oath and say as follows, that I executed this form on behalf, and with the authority, of said Applicant and said Applicant agrees to and represents the following:

(1) That the information and statements contained herein, including exhibits attached hereto, and other information filed herewith, all of which are made a part of this application, are current, true and complete and are made under the penalty of perjury, or un-sworn falsification to authorities, or similar provisions as provided by law;

(2) To the extent any information previously submitted is not amended, such information remains accurate and complete;

...

(4) To keep the information contained in this form current and to file accurate supplementary information on a timely basis[.]

5. Form MU1 has a section captioned “Disclosure Questions” which requires the applicant to answer questions concerning certain criminal, regulatory, and civil actions taken by regulatory agencies and law enforcement authorities in regard to the applicant or licensee.

6. Question (9)(C)(2) of the Disclosure Questions Section states as follows:

In the past 10 years, has any State or federal regulatory agency or foreign financial regulatory authority found the entity or a control affiliate to have

been involved in a violation of a financial services-related regulation(s) or statute(s)?

7. Question (9)(C)(4) of the Disclosure Questions Section states as follows:

In the past 10 years, has any State or federal regulatory agency or foreign financial regulatory authority entered an order against the entity or a control affiliate in connection with a financial services-related activity?

8. Question (9)(C)(5) of the Disclosure Questions Section states as follows:

In the past 10 years, has any State or federal regulatory agency or foreign financial regulatory authority denied, suspended, or revoked the entity's or a control affiliate's registration or license or otherwise, by order, prevented it from associating with a financial services-related business or restricted its activities?

9. The instructions to the Form MU1 provide the following definitions of the terms used in the Disclosure Questions Section:

FINANCIAL SERVICES OR FINANCIAL SERVICES RELATED – Pertaining to securities, commodities, banking, insurance, consumer lending, or real estate (including, but not limited to; acting as or being associated with a bank or savings association, credit union, mortgage lender, mortgage broker, real estate salesperson or agent, closing agent, title company, or escrow agent).

FOUND – Includes adverse final actions, including consent decrees in which the respondent has neither admitted nor denied the findings, but does not include agreements, deficiency letters, examination reports, memoranda of understanding, letters of caution, admonishments, and similar informal resolutions of matters.

ORDER – A written directive issued pursuant to statutory authority and procedures, including orders of denial, suspension, or revocation; does not include special stipulations, undertakings or agreements relating to payments, limitations on activity or other restrictions unless they are included in an *order*.

10. NATIONSTAR answered “Yes” to Question (9)(C)(5) and “No” to Questions (9)(C)(2) and (4) on its February 14, 2008 Form MU1 filing. NATIONSTAR subsequently amended its Form MU1 to answer “Yes” to all three questions on December 12, 2008.

NATIONSTAR submitted the required supporting documentation in connection with its February 14, 2008, and December 12, 2008 filings.

11. On November 2, 2009, NATIONSTAR submitted a request to renew its mortgage banker license for 2010. As part of the renewal process, NATIONSTAR attested to the accuracy of its filings with the DEPARTMENT as follows:

I, . . . duly appointed and authorized by the same, swear (or affirm) on 11/02/2009 that to the best of my knowledge and belief the information contained in the Licensee/Registrant's online record, as well as any applicable jurisdiction specific requirements, is true, accurate and complete in accordance with the appropriate jurisdiction's law. Additionally, I acknowledge that I have a duty and agree expediently to update and correct the information as it changes.

I understand that submitting any false or misleading information, or omitting pertinent or material information, may be grounds for administrative action and/or criminal action.

As part of this request for license/registration renewal, I swear and affirm to the following:

. . .
The Licensee/Registrant has updated the documents on file with the jurisdiction(s) to disclose any new event or proceeding requiring an affirmative answer to any Disclosure Questions which has occurred since the Licensee/Registrant submitted its license/registration application or renewal application to the applicable jurisdiction(s). Any documents explaining affirmative answers to any Disclosure Questions previously submitted by the Licensee/Registrant to each jurisdiction(s) remain true and accurate.

12. The DEPARTMENT approved the renewal of NATIONSTAR's license based upon NATIONSTAR's attestation that the information in the DEPARTMENT's possession was true and correct.

13. On February 22, 2010, the DEPARTMENT received two letters from NATIONSTAR disclosing two Orders issued by other jurisdictions.

14. According to NATIONSTAR's letter, NATIONSTAR and the Iowa Division of Banking entered into a Combined Statement of Charges and Consent Order ("Iowa Order")

on or about August 20, 2009. The Iowa Order alleged that NATIONSTAR had utilized unlicensed mortgage loan originators to conduct mortgage activities in Iowa without first obtaining required licensure in violation of Iowa law. The Iowa Order imposed a fine of \$19,300.00 for such violation.

15. According to NATIONSTAR's letter, the Wisconsin Department of Financial Institutions, Division of Banking issued an Order ("Wisconsin Order") on or about August 25, 2009. NATIONSTAR had consented to the entry of the Wisconsin Order on August 20, 2009. The Wisconsin Order alleged that NATIONSTAR had failed to timely disclose to it Orders issued by other state regulators. The Wisconsin Order imposed a \$2,000.00 fine for such violation.

16. In addition to the request to renew its license, NATIONSTAR submitted amendments to its Form MU1 on October 14, 2009; October 27, 2009; November 3, 2009; November 5, 2009 (3 filings); November 13, 2009; November 17, 2009; November 18, 2009; January 7, 2010; January 12, 2010; January 15, 2010; January 20, 2010; February 4, 2010 (2 filings); February 5, 2010; and February 17, 2010. In connection with each of these filings, NATIONSTAR attested to their accuracy of the filing as described in Finding of Fact #4 above.

17. The Iowa Order and the Wisconsin Order constitute Orders involving violations of financial service related statutes and therefore were required to be disclosed by Questions (9)(C)(2) and (9)(C)(4) on the Form MU1. NATIONSTAR therefore provided false and misleading information to the DEPARTMENT in connection with each of the filings listed in Finding of Fact #16 as NATIONSTAR failed to update its supporting documentation to disclose to the DEPARTMENT the existence of these Orders. Moreover, NATIONSTAR submitted false and misleading information to the DEPARTMENT in

connection with its renewal request by not updating its supporting documentation to include the Iowa Order and the Wisconsin Order.

18. The DEPARTMENT incurred a minimum of one thousand dollars in investigation costs in this matter.

CONCLUSIONS OF LAW

1. Neb. Rev. Stat. § 45-705 (LB 892, 2010) provides, in part, that no person shall act as a mortgage banker or use the title mortgage banker in this state unless he, she, or it is licensed or registered with the DEPARTMENT.

2. Neb. Rev. Stat. § 45-706(3)(a) (Supp. 2009) provides that all initial licenses shall remain in full force and effect until the next succeeding December 31. Mortgage banker licenses may be renewed annually by submitting to the Director a request for renewal and any supplemental material as required by the Director. The mortgage banker licensee shall certify that the information contained in the license application, as subsequently amended, that is on file with the DEPARTMENT and the information contained in any supplemental material previously provided to the DEPARTMENT remains true and correct.

3. Neb. Rev. Stat. § 45-742(1)(d) (LB 892, 2010) provides that if the Director, following an administrative hearing, finds that a licensee has made or caused to be made, in any document filed with the Director or in any proceeding under the Act, any statement which was, at the time and in light of the circumstances under which it was made, false or misleading in any material respect or suppressed or withheld from the Director any information which, if submitted by the licensee, would have resulted in denial of the

license application, the Director may suspend or revoke the license, or impose an administrative fine.

4. Neb. Rev. Stat. § 45-743 (Supp. 2009) provides that if the Director finds, after notice and hearing in accordance with the Administrative Procedure Act, that any person has knowingly committed any act prohibited by Section 45-742 or has otherwise violated the Residential Mortgage Licensing Act, the Director may order such person to pay an administrative fine not exceeding five thousand dollars for each separate violation plus the costs of investigation.

5. As set forth in Finding of Fact #17, the Iowa Order and the Wisconsin Order constitute “Orders” which require disclosure by NATIONSTAR on its Form MU1 and NATIONSTAR failed to disclose either Order in connection with the numerous filings made between August 20, 2009, and February 22, 2010. Moreover, as stated in Finding of Fact #11, NATIONSTAR affirmed to the DEPARTMENT that it had disclosed all Orders to the DEPARTMENT. NATIONSTAR therefore committed numerous violations of Neb. Rev. Stat. § 45-742(1)(d) (LB 892, 2010) by submitting false and misleading information to the DEPARTMENT in connection with the amendments to its Form MU1 and in connection with its renewal request for 2010.

6. The facts listed in the above Findings of Fact constitute a sufficient basis for the Director to determine that NATIONSTAR has violated the Act and that proceedings could be commenced to revoke or suspend NATIONSTAR’s license and/or to impose an administrative fine in an amount of not more than five thousand dollars for each of the violations plus costs of investigation in accordance with Neb. Rev. Stat. § 45-743 (Supp. 2009).

7. Under the Act's statutory framework, the Director has the legal and equitable authority to fashion significant remedies.

8. It is in the best interest of NATIONSTAR and in the best interest of the public for NATIONSTAR and the DEPARTMENT to resolve the issues included herein.

CONSENT ORDER

The DEPARTMENT and NATIONSTAR agree as follows:

Stipulations: In connection with this Consent Order, NATIONSTAR and the DEPARTMENT stipulate to the following:

1. The DEPARTMENT has jurisdiction as to all matters herein.
2. This Consent Order shall resolve all matters between the DEPARTMENT and NATIONSTAR in connection with the Findings of Fact listed above. Should future circumstances warrant, the facts from this matter may be considered in a future administrative action by the DEPARTMENT.
3. This Consent Order shall be in lieu of all other proceedings available to the DEPARTMENT, except as specifically referenced in this Consent Order.

NATIONSTAR further represents as follows:

1. NATIONSTAR is aware of its right to a hearing on these matters at which it may be represented by counsel, present evidence, and cross-examine witnesses. The right to such a hearing, and any related appeal, is irrevocably waived.
2. NATIONSTAR is acting free from any duress or coercion of any kind or nature.
3. This Consent Order is executed to avoid further proceedings and constitutes an admission of violations of the Act solely for the purpose of this Consent Order and for no other purpose.

IT IS THEREFORE AGREED as follows:

1. Within ten (10) days after the effective date of this Consent Order, NATIONSTAR shall pay an assessment of four thousand dollars (\$4,000.00) for violating Neb. Rev. Stat. § 45-742(1)(d) (LB 892, 2010) by providing false and misleading information to the DEPARTMENT in connection with its filing of amended Form MUIs which failed to disclose the Iowa Order and the Wisconsin Order.

2. Within ten (10) days after the effective date of this Consent Order, NATIONSTAR shall pay the investigation costs of the DEPARTMENT in the amount of one thousand dollars (\$1,000.00).

3. The total amount of the assessment and investigation costs, five thousand dollars (\$5,000.00), shall be payable in one check or money order to the DEPARTMENT.

4. In the event NATIONSTAR fails to comply with any of the provisions of this Consent Order, the DEPARTMENT may commence such action regarding NATIONSTAR as it deems necessary and appropriate in the public interest.

5. The effective date of this Consent Order shall be the date of the Director's signature.

DATED this 30th day of August, 2010.

**NATIONSTAR MORTGAGE, LLC
D/B/A CHAMPION MORTGAGE**

By: 

Ron Fountain, Vice President

**350 Highland Drive
Lewisville, Texas
(469) 549-2000**

DATED this 7th day of September, 2010.

**STATE OF NEBRASKA
DEPARTMENT OF BANKING AND FINANCE**

By: John Munn
John Munn, Director

Commerce Court, Suite 400
1230 "O" Street
Lincoln, Nebraska 68508
(402) 471-2171