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DEPT. OF FINANCIAL
INSTITUTIONS

ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

In the Matter of the Mortgage Banker License of: No. 08F-BD024-BNK

**NATIONSTAR MORTGAGE LLC AND
ANTHONY H. BARONE, PRESIDENT**
2151 E. Broadway Road, Suite 204
Tempe, AZ 85282

CONSENT ORDER

Petitioners.

On October 22, 2007, the Arizona Department of Financial Institutions ("Department") issued an Order to Cease and Desist; Notice of Opportunity for Hearing; and Consent to Entry of Order, ordering Petitioners to cease violating Arizona law. Wishing to resolve this matter in lieu of an administrative hearing and without admitting liability, Petitioners do not contest the following Findings of Fact and Conclusions of Law, and consent to the entry of the following Order.

FINDINGS OF FACT

1. Petitioner Nationstar Mortgage LLC ("Nationstar") is a Delaware limited liability company authorized to transact business in Arizona as a mortgage banker, license number BK 0904370, within the meaning of A.R.S. §§ 6-941, *et seq.* The nature of Nationstar's business is that of making, negotiating, or offering to make or negotiate a mortgage banking loan or a mortgage loan secured by Arizona real property within the meaning of A.R.S. § 6-941(5).

2. Petitioner Anthony H. Barone ("Mr. Barone") is the President and Chief Executive Officer of Nationstar, and is authorized to transact business in Arizona as a mortgage banker within the meaning of A.R.S. § 6-941(5), as outlined within A.R.S. § 6-943(F).

3. Nationstar and Mr. Barone are not exempt from licensure as mortgage bankers within the meaning of A.R.S. §§ 6-942 and 6-941(5).

4. An April 9, 2007 examination of Nationstar, conducted by the Department, revealed that Nationstar and Mr. Barone:

- a. Failed to prominently display the mortgage banker license in the office of the mortgage banker;

- 1 b. Failed to advertise using the mane and license number as issued on the mortgage
2 banker's principal place of business license, specifically:
- 3 i. Nationstar used the branch license number BK BR 0103826 on all of its
4 advertising, brochures, mailings and marketing material, including its web
5 site;
- 6 ii. Petitioners' advertising states the Arizona State Banking Department licenses
7 the company, rather than the Arizona Department of Financial Institutions;
8 and
- 9 iii. Petitioners failed to correct this violation since the previous examination;
- 10 c. Failed to conduct the minimum elements of reasonable employee investigations prior
11 to hiring employees and failed to maintain records of same within personnel records
12 for two (2) years after termination and failed to correct this violation since the
13 previous examination;
- 14 d. Contracted with or paid at least \$480,039.00 for leads, constituting compensation to
15 unlicensed, independent contractors;
- 16 e. Failed to maintain correct and complete records, specifically:
- 17 i. HUD-1 Forms were missing from the files of five (5) borrowers;
- 18 f. Failed to comply with the disclosure requirements of Title I of the Consumer Credit
19 Protection Act (15 U.S.C. §§ 1601 through 1666j), the Real Estate Settlement
20 Procedures Act (12 U.S.C. §§ 2601 through 2617), and the regulations promulgated
21 under those acts;
- 22 g. Named an unqualified trustee on trust deeds, specifically:
- 23 i. Petitioners named General American Corporation and LSI Lender's Service,
24 Inc. as trustees on Arizona trust deeds, and said entities meet none of the
25 qualifications to be named trustees under Arizona law; and
- 26 h. Failed to furnish information to the Department within a reasonable time.

1 CONCLUSIONS OF LAW

2 1. Pursuant to A.R.S. §§ 6-941, *et seq.*, the Superintendent has the authority and duty to
3 regulate all persons engaged in the mortgage banker business and with the enforcement of statutes,
4 rules, and regulations relating to mortgage bankers.

5 2. By the conduct set forth in the Findings of Fact, Nationstar and Mr. Barone have
6 violated the following:

- 7 a. A.R.S. § 6-944(C) and A.A.C. R20-4-1805, by failing to prominently display the
8 mortgage banker license in the office of the mortgage banker;
- 9 b. A.R.S. §§ 6-943(N) and 6-946(E), by failing to advertise using the name and license
10 number as issued on the mortgage banker's principal place of business license;
- 11 c. A.R.S. § 6-943(O) and A.A.C. R20-4-102(2), by failing to conduct the minimum
12 elements of reasonable employee investigations prior to hiring employees and failing
13 to maintain records of same within personnel records for two (2) years after
14 termination;
- 15 d. A.R.S. § 6-947(B) and A.A.C. R20-4-102, by contracting with or paying at least
16 \$480,039.00 for leads, constituting compensation to unlicensed, independent
17 contractors;
- 18 e. A.R.S. § 6-946(A) and A.A.C. R20-4-1806(B)(6), by failing to maintain correct and
19 complete records;
- 20 f. A.R.S. § 6-946(E) and A.A.C. R20-4-1806(B)(6)(e), by failing to comply with the
21 disclosure requirements of Title I of the Consumer Credit Protection Act (15 U.S.C.
22 §§ 1601 through 1666j), the Real Estate Settlement Procedures Act (12 U.S.C. §§
23 2601 through 2617), and the regulations promulgated under those acts;
- 24 g. A.R.S. §§ 6-945(A)(7) and 33-803(A), by naming an unqualified trustee on trust
25 deeds; and
- 26 h. A.R.S. § 6-945(A), by failing to furnish information to the Department within a

1 reasonable time.

2 3. The violations of applicable laws, set forth above, constitute grounds for: (1) the
3 issuance of an order pursuant to A.R.S. § 6-137 directing Petitioners to cease and desist from the
4 violative conduct and to take the appropriate affirmative actions, within a reasonable period of time
5 prescribed by the Superintendent, to correct the conditions resulting from the unlawful acts,
6 practices, and transactions; (2) the imposition of a civil monetary penalty pursuant to A.R.S. § 6-
7 132; (3) the suspension or revocation of Petitioners' license pursuant to A.R.S. § 6-945; and (4) an
8 order or any other remedy necessary or proper for the enforcement of statutes and rules regulating
9 mortgage bankers pursuant to A.R.S. §§ 6-123 and 6-131.

10 4. Pursuant to A.R.S. § 6-132, Petitioners' violations of the aforementioned statutes are
11 grounds for a civil penalty of not more than five thousand dollars (\$5,000.00) for each violation for
12 each day.

13 **ORDER**

14 1. Petitioners shall immediately stop the violations set forth in the Findings of Fact and
15 Conclusions of Law.

16 2. Petitioners shall immediately pay to the Department a civil money penalty in the amount
17 of **twelve thousand, five hundred dollars (\$12,500.00)**. Nationstar and Mr. Barone are jointly and
18 severally liable for payment of the civil money penalty.

19 3. The provisions of this Order shall be binding upon Petitioners, and resolves the Notice of
20 Hearing, subject to compliance with the requirements of this Order. Should Petitioners fail to
21 comply with this Order, the Superintendent may institute further disciplinary proceedings.

22 4. The provisions of this Order shall be binding upon Petitioners, their employees, agents,
23 and other persons participating in the conduct of the affairs of Nationstar Mortgage LLC.

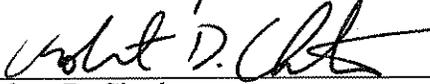
24 5. This Order shall become effective upon service, and shall remain effective and

25 ...

26 ...

1 enforceable until such time as, and except to the extent that, it shall be stayed, modified, terminated
2 or set aside.

3 SO ORDERED this 15 day of January, 2008.

4
5 
6 Robert D. Charlton
7 Assistant Superintendent of Financial Institutions

8 **CONSENT TO ENTRY OF ORDER**

9 1. Petitioners acknowledge that they have been served with a copy of the foregoing
10 Findings of Fact, Conclusions of Law, and Order in the above-referenced matter, have read the
11 same, are aware of their right to an administrative hearing in this matter, and have waived the same.

12 2. Petitioners admit the jurisdiction of the Superintendent and consent to the entry of the
13 foregoing Findings of Fact, Conclusions of Law, and Order.

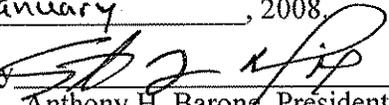
14 3. Petitioners state that no promise of any kind or nature has been made to induce them
15 to consent to the entry of this Order, and that they have done so voluntarily.

16 4. Petitioners acknowledge that the acceptance of this Agreement by the Superintendent
17 is solely to settle this matter and does not preclude this Department, any other agency or officer of
18 this state or subdivision thereof from instituting other proceedings as may be appropriate now or in
19 the future.

20 5. Anthony H. Barone, on behalf of Nationstar Mortgage LLC and himself, represents
21 that he is the President and Chief Executive Officer, and that, as such, has been authorized by
22 Nationstar Mortgage LLC to consent to the entry of this Order on its behalf.

23 6. Petitioners waive all rights to seek judicial review or otherwise to challenge or contest
24 the validity of this Cease and Desist Order.

25 DATED this 11th day of January, 2008.

26 By 
Anthony H. Barone, President/CEO
Nationstar Mortgage LLC

Steve Mix for
EVP

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ORIGINAL of the foregoing filed this 15
day of January, 2008, in the office of:

Felecia A. Rotellini
Superintendent of Financial Institutions
Arizona Department of Financial Institutions
ATTN: Susan Longo
2910 N. 44th Street, Suite 310
Phoenix, AZ 85018

COPY mailed/delivered same date to:

Hon. Allen Reed
Administrative Law Judge
Office of the Administrative Hearings
1400 West Washington, Suite 101
Phoenix, AZ 85007

Erin O. Gallagher
Assistant Attorney General
Office of the Attorney General
1275 West Washington
Phoenix, AZ 85007

Robert D. Charlton, Assistant Superintendent
Judith Moss, Senior Examiner
Arizona Department of Financial Institutions
2910 N. 44th Street, Suite 310
Phoenix, AZ 85018

AND COPY MAILED SAME DATE by
Certified Mail, Return Receipt Requested, to:

Julie Rystad, Esq.
GREENBERG TRAUIG, LLP
2375 E. Camelback Rd., Ste. 700
Phoenix, AZ 85016
Attorneys for Petitioners



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