

STATE OF NEBRASKA
Department of Banking & Finance

IN THE MATTER OF:)	FINDINGS OF FACT
SecurityNational Mortgage Company,)	CONCLUSIONS OF LAW
5300 South 360 West,)	AND
Salt Lake City, Utah)	CONSENT AGREEMENT

THIS MATTER comes before the Nebraska Department of Banking and Finance (“DEPARTMENT”), by and through its Director, pursuant to its authority under the Mortgage Bankers Registration and Licensing Act, Neb. Rev. Stat. §§ 45-701 to 45-721 (Reissue 2004; Cum. Supp. 2006) (“the Act”). Pursuant to Neb. Rev. Stat. § 45-710 (Reissue 2004), the DEPARTMENT has investigated the actions of SecurityNational Mortgage Company, 5300 South 360 West, Salt Lake City, Utah (“SNMC”). As a result of such investigation, and being duly advised and informed in the matter, the Director and SNMC enter into the following Findings of Fact, Conclusions of Law, and Consent Agreement.

FINDINGS OF FACT

1. SNMC submitted an initial Mortgage Banker License Application (“Application”) to the DEPARTMENT on January 30, 2007. As of this date, SNMC’s Application is still pending before the DEPARTMENT.
2. According to the Application, SNMC is a wholesale mortgage lender and does not originate its own mortgage loans. Instead, it funds loans that are originated by mortgage brokers.

3. In a February 27, 2007 letter to SNMC, the DEPARTMENT requested clarification of certain items in the Application. The DEPARTMENT also requested a listing of any Nebraska consumers who had submitted applications to SNMC.

4. SNMC responded to the DEPARTMENT both by telephone and in a letter dated March 16, 2007. In both the telephone call and letter SNMC disclosed that it had accepted twenty-one (21) applications for loans secured by Nebraska real estate.

Specifically, SNMC's March 16, 2007 letter stated as follows:

Our branch office located in Kansas City, Kansas did list an Account Executive in Nebraska on the website. Unfortunately, SecurityNational Mortgage did receive approximately 21 loan packages from licensed brokers in Nebraska during our pending license application. Upon learning of this development, our legal department issued an internal cease and desist order from accepting any more loan packages. We stopped working on the 21 loan files and instructed our brokers to submit the loan packages to other lenders.

5. SNMC attached to its March 16, 2007 letter a list of the twenty-one (21) Nebraska consumers for whom SNMC had received loan applications.

6. Neb. Rev. Stat. § 45-705 (Cum. Supp. 2006) 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.

7. SNMC's acceptance of loan applications from twenty-one (21) Nebraska residents without a mortgage banker's license constitutes twenty-one separate violations of the Act.

8. The DEPARTMENT incurred a minimum of five hundred dollars in investigation costs in this matter.

CONCLUSIONS OF LAW

1. Neb. Rev. Stat. § 45-705 (Cum. Supp. 2006) 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. § 45-702(6) (Cum. Supp. 2006) defines the term “mortgage banker” as any person not exempt from the Act who, for compensation or in the expectation of compensation or gain, directly or indirectly makes, originates, services, negotiates, acquires, sells, arranges for, or offers to make, originate, service, negotiate, acquire, sell, or arrange for ten or more mortgage loans in a calendar year.

3. Neb. Rev. Stat. § 45-706(1) (Cum. Supp. 2006) provides that the Director of the DEPARTMENT shall issue a mortgage banker license if he or she finds that the character and general fitness of the applicant are such that the business will be operated honestly, soundly, and efficiently in the public interest consistent with the purposes of the Act.

4. Neb. Rev. Stat. § 45-717.01(2) (Cum. Supp. 2006) 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 45-707 or has otherwise violated the 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. The above Findings of Fact contain information which indicates that SNMC accepted twenty-one applications prior to obtaining the license required by the Act. SNMC’s decision to accept mortgage loan applications without a license raises serious

questions regarding SNMC's ability to operate the business soundly, efficiently, and in the public interest.

6. The facts listed in the above Findings of Fact constitute a sufficient basis for the Director to have determined that SNMC has violated the Act and that proceedings to deny SNMC's Application should be initiated and/or to impose an administrative fine in an amount of not more than five thousand dollars for each of the twenty-one separate violations plus costs of investigation in accordance with Neb. Rev. Stat. § 45-717.01(2) (Cum. Supp. 2006).

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 SNMC and the DEPARTMENT to resolve the issues included herein.

CONSENT AGREEMENT

The DEPARTMENT and SNMC agree as follows:

Stipulations: In connection with this Consent Agreement, SNMC and the DEPARTMENT stipulate to the following:

1. The DEPARTMENT has jurisdiction as to all matters herein.
2. This Consent Agreement shall resolve all matters between the DEPARTMENT and SNMC 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 Agreement shall be in lieu of all other proceedings available to the DEPARTMENT, except as specifically referenced in this Consent Agreement.

SNMC further represents as follows:

1. SNMC 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. SNMC is acting free from any duress or coercion of any kind or nature.

3. This Consent Agreement is executed to avoid further proceedings and constitutes an admission of violations of the Act solely for the purpose of this Consent Agreement and for no other purpose.

IT IS, THEREFORE, AGREED as follows:

1. Within ten (10) days after the effective date of this Consent Agreement, SNMC shall pay a fine of one thousand dollars (\$1,000.00) for each of the twenty-one (21) violations of Neb. Rev. Stat. § 45-705 (Cum. Supp. 2006), in which SNMC acted as a mortgage banker without the required license.

2. Within ten (10) days after the effective date of this Consent Agreement, SNMC shall pay the investigation costs of the DEPARTMENT in the amount of five hundred dollars (\$500.00).

3. The total amount of the fine and investigation costs, twenty one thousand five hundred dollars (\$21,500.00) shall be payable in one check or money order to the DEPARTMENT.

4. Within five (5) business days of receipt of the fine and investigation costs, the DEPARTMENT shall issue a Mortgage Banker License to SNMC for the current licensing period.

5. In the event SNMC fails to comply with any of the provisions of this Consent Agreement; the DEPARTMENT may commence such action regarding SNMC as it deems necessary and appropriate in the public interest.

6. The effective date of this Consent Agreement shall be the date of the Director's signature.

DATED this 30th day of April, 2007.

SecurityNational Mortgage Company

By: 

J. Lynn Beckstead, President

5300 South 360 West,
Salt Lake City, Utah 84123
(801) 264-8111

DATED this 3rd day of ~~April~~ ^{May}, 2007.

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

By: 

John Munn, Director

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