
*
IN THE MATTER OF: *
*
SOUND MORTGAGE, LLC *
NMLS # 71423 *
*
(“Sound Mortgage”) *
*

CONSENT ORDER

WHEREAS, the Banking Commissioner (“Commissioner”) is charged with the administration of Part I of Chapter 668, Sections 36a-485 to 36a-534b, inclusive, of the Connecticut General Statutes, “Mortgage Lenders, Correspondent Lenders, Brokers and Loan Originators”;

WHEREAS, Sound Mortgage is a Connecticut limited liability company with a business address of 72 Church Street, Guilford, Connecticut;

WHEREAS, Sound Mortgage has been licensed to act as a mortgage broker under Part I of Chapter 668, Sections 36a-485 *et seq.*, of the Connecticut General Statutes since 2006;

WHEREAS, on December 22, 2022, Sound Mortgage filed its mortgage broker license renewal application on the Nationwide Multistate Licensing System (“NMLS”), which is approved but on hold pending the resolution of this matter;

WHEREAS, the Commissioner, through the Consumer Credit Division of the Department of Banking, conducted an investigation pursuant to the authority granted by Section 36a-17(a) of the Connecticut General Statutes in effect at such time into the activities of Sound Mortgage to determine if it had violated, was violating or was about to violate the provisions of the Connecticut General Statutes within the jurisdiction of the Commissioner;

WHEREAS, as a result of such investigation, the Commissioner alleges that from approximately the second quarter of 2018 through the second quarter of 2022, Sound Mortgage failed to timely file on NMLS its mortgage call reports (“MCRs”), and from the years 2019 through 2022, failed to timely file its financial condition reports (“FCRs”), all of which constitutes: (1) multiple violations of Section 36a-534b(c) of Connecticut General Statutes; (2) violations of an order of the Commissioner contained in a Consent Order issued September 9, 2014 (“Consent Order”); (3) a basis to revoke or refuse to renew its mortgage broker license pursuant to Sections 36a-494(a)(1) and 36a-51(a) of the Connecticut General Statutes for failure of Sound Mortgage to demonstrate that the financial responsibility, character and general fitness of Sound Mortgage, its control persons and its qualified individual or branch manager are such as to command the confidence of the community and to warrant a determination that Sound Mortgage will operate honestly, fairly and efficiently pursuant to Section 36a-489(a)(1)(C) of the Connecticut General Statutes; and (4) a basis to revive allegations previously made by the Commissioner in the Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing issued on May 5, 2014, alleging that Sound Mortgage had failed to file numerous other MCRs on their due dates;

WHEREAS, the Commissioner believes that such allegations would support initiation of enforcement proceedings against Sound Mortgage, including, without limitation, proceedings to issue an order to cease and desist pursuant to Sections 36a-494(b) and 36a-52(a) of the Connecticut General Statutes, to revoke its mortgage broker license pursuant to Sections 36a-494(a)(1) and 36a-51(a) of the Connecticut General Statutes, and to impose a civil penalty pursuant to Sections 36a-494(b) and 36a-50(a) of the Connecticut General Statutes;

WHEREAS, initiation of such enforcement proceedings would constitute a “contested case” within the meaning of Section 4-166(4) of the Connecticut General Statutes;

WHEREAS, Section 4-177(c) of the Connecticut General Statutes and Section 36a-1-55(a) of the Regulations of Connecticut State Agencies provide that a contested case may be resolved by consent order, unless precluded by law;

WHEREAS, both the Commissioner and Sound Mortgage acknowledge the possible consequences of formal administrative proceedings, and Sound Mortgage voluntarily agrees to consent to the entry of the sanctions imposed below without admitting or denying the allegations set forth herein, and solely for the purpose of obviating the need for formal administrative proceedings concerning the allegations set forth herein;

WHEREAS, the Commissioner and Sound Mortgage now desire to resolve the matters set forth herein;

WHEREAS, Sound Mortgage acknowledges that it has had the opportunity to consult with and be represented by independent counsel in negotiating and reviewing this Consent Order and executes this Consent Order freely;

WHEREAS, Sound Mortgage acknowledges that this Consent Order is a public record and is a reportable event for purposes of the regulatory disclosure questions on the Nationwide Mortgage Licensing System and Registry (“NMLS”), as applicable;

WHEREAS, Sound Mortgage herein represents to the Commissioner that it has reviewed and updated its internal policies, procedures and controls for timely and accurately filing required reports with the Commissioner through NMLS, as required, or as otherwise permitted under Part I of Chapter 668, Sections 36a-485 *et seq.*, of the Connecticut General Statutes;

AND WHEREAS, Sound Mortgage, through its execution of this Consent Order, voluntarily agrees to waive any applicable procedural rights, including a right to a hearing as it pertains to the allegations set forth herein, and voluntarily waives its right to seek judicial review or otherwise challenge or contest the validity of this Consent Order.

CONSENT TO ENTRY OF SANCTIONS

WHEREAS, Sound Mortgage, through its execution of this Consent Order, consents to the Commissioner's entry of a Consent Order imposing the following sanctions:

1. No later than the date this Consent Order is executed by Sound Mortgage, it shall remit to the Department of Banking by electronic funds transfer, cashier's check, certified check or money order made payable to "Treasurer, State of Connecticut", the sum of Seven Thousand Five Hundred Dollars (\$7,500) as a civil penalty;
2. Sound Mortgage shall cease and desist from violating Section 36a-534b(c) of Connecticut General Statutes; and
3. In the event that Sound Mortgage fails to file any required MCR or FCR onto the NMLS on or before the date on which it is due, Sound Mortgage acknowledges and consents to the immediate revocation of its Connecticut mortgage broker license and shall immediately cease and desist from engaging in mortgage broker activities accordingly. Sound Mortgage knowingly, willfully and voluntarily waives its right to notice and an administrative hearing in conjunction therewith.

CONSENT ORDER

NOW THEREFORE, the Commissioner enters the following:

1. The Sanctions set forth above be and are hereby entered;
2. Upon issuance of this Consent Order by the Commissioner, this matter will be resolved and the Commissioner will not take any future enforcement action against Sound Mortgage based upon the allegation set forth herein; provided that issuance of this Consent Order is without prejudice to the right of the Commissioner to take enforcement action against Sound Mortgage based upon a violation of this Consent Order or the matters underlying its entry, if the Commissioner determines that compliance with the terms herein is not being observed or if any representation made by Sound Mortgage and reflected herein is subsequently discovered to be untrue;
3. Sound Mortgage shall not take any action or make or permit to be made any public statement, including in regulatory filings, any proceeding in any forum or otherwise, denying, directly or indirectly, any allegation referenced in this Consent Order or create the impression that this Consent Order is without factual basis. Except as specifically provided herein, Sound Mortgage shall not take any action in any proceeding brought by or on behalf of the Commissioner, or to which the Commissioner is a party, that is inconsistent with any part of this Consent Order. Nothing in this provision affects Sound Mortgage's (i) testimonial obligations; or (ii) right to take legal or factual positions that may contradict an allegation in this Consent Order in litigation or other legal proceedings in which the Commissioner is not a party;
4. Subject to the foregoing, and so long as this Consent Order is promptly disclosed by Sound Mortgage and its control persons on NMLS, as applicable, nothing in the issuance of this Consent Order shall adversely affect the ability of Sound Mortgage to obtain an initial license

or renewal license under Part I of Chapter 668, Sections 36a-485 *et seq.*, of the Connecticut General Statutes, provided that all applicable legal requirements for such licenses are satisfied and the terms of this Consent Order are followed;

5. This Consent Order shall be binding upon Sound Mortgage and its successors and assigns; and
6. This Consent Order shall become final when issued.

Issued at Hartford, Connecticut
this 22nd day of May 2023.

/s/

Jorge L. Perez
Banking Commissioner

I, Thatcher A. Zuse, state on behalf of Sound Mortgage, LLC, that I have read the foregoing Consent Order; that I know and fully understand its contents; that I am authorized to execute this Consent Order on behalf of Sound Mortgage, LLC; that Sound Mortgage, LLC agrees freely and without threat or coercion of any kind to comply with the sanctions entered and terms and conditions ordered herein; and that Sound Mortgage, LLC voluntarily agrees to enter into this Consent Order, expressly waiving the procedural rights set forth herein as to the matters described herein.

By: /s/
Name: Thatcher A. Zuse
Title: Member
Sound Mortgage, LLC

State of: Connecticut

County of: New Haven

On this the 2nd day of May 2023, before me, Lynn M. Pinder, the undersigned officer, personally appeared Thatcher A. Zuse, who acknowledged himself/herself to be the member of Sound Mortgage, LLC, a member managed limited liability company, and that he/she as such member, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the limited liability company by himself/herself as member.

In witness whereof I hereunto set my hand.

/s/
Notary Public
Date Commission Expires: