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DEPARTMENT OF BANKING

PA DEPT OF BANKING

COMMONWEALTH OF PENNSYLVANIA	:	Docket No.: 08 <u>0291</u> (ENF-CO)
DEPARTMENT OF BANKING, BUREAU	:	
OF COMPLIANCE, INVESTIGATIONS AND	:	
LICENSING	:	
	:	
	:	
v.	:	
	:	
A GREAT MORTGAGE COMPANY, INC.	:	
d/b/a AGMC	:	

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking ("Department"), Bureau of Examinations, has conducted an examination of A Great Mortgage Company, Inc. d/b/a AGMC ("AGMC"), and its officers, employees and directors. Based on the results of the examination, the Bureau of Compliance, Investigations and Licensing (the "Bureau") believes that AGMC operated in violation of the Mortgage Bankers and Brokers & Consumer Equity Protection Act (the "MBBCEPA"), 63 P.S. § 456.101 et seq., the Mortgage Bankers and Brokers & Consumer Equity Protection Act Regulations (the "MBBCEPA Regs"), 10 Pa. Code § 44.1 et seq., and the Secondary Mortgage Loan Act (the "SMLA"), 7 P.S. § 6601 et seq. The parties to the above captioned matter; in lieu of litigation, hereby stipulate that the following statements are true and correct in the settlement of the above-captioned matter and, intending to be legally bound, hereby agree to the terms of this Consent Agreement and Order (the "Order").

BACKGROUND

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the MBBCEPA, the MBBCEPA Regs and the SMLA.

2. The Bureau is primarily responsible for administering and enforcing the MBBCEPA, the MBBCEPA Regs and the SMLA for the Department.

3. AGMC is licensed as a First Mortgage Banker, license no. 12386, and as a Secondary Mortgage Broker, license no. 10999, with its principal place of business in Pennsylvania located at 2249 S. 21st Street, Philadelphia, PA 19145 and a licensed branch location in Mt. Laurel, NJ ("Corporate Headquarters").

4. AGMC's former principal place of business in Pennsylvania was located at Foxmoor Village Mall, Unit 1B, Marshalls Creek, PA 18335 (the "Former Principal Place").

5. On December 5, 2007 an examination of AGMC commenced at the Former Principal Place (the "Examination").

Recordkeeping/Staffing

6. The Examination revealed that AGMC was not maintaining all of its Pennsylvania first and secondary mortgage files at the Former Principal Place.

7. Specifically, a representative of AGMC stated that records were being stored at Corporate Headquarters.

8. Section 308(a)(2) of the MBBCEPA requires a licensee to maintain records at its principal place of business in Pennsylvania unless the licensee has authorization from the Department to maintain those records elsewhere. 63 P.S. § 456.308(a)(2).

9. Section 10(a)(2) of the SMLA requires a licensee to maintain records at its principal place of business in Pennsylvania unless the licensee has authorization from the Department to maintain those records elsewhere. 7 P.S. § 6610(a)(2).

10. AGMC does not have authorization from the Department to maintain its Pennsylvania first and secondary mortgage loan files at any location other than its principal place of business in Pennsylvania.

11. The Examination also revealed that AGMC was not staffing its Former Principal Place on a full-time basis with an employee of AGMC.

12. Specifically, the Examination revealed that AGMC's Former Principal Place was staffed by one employee who spent the majority of his time outside of the office.

13. Section 302 of the MBBCEPA defines a principal place of business as “[t]he primary office of the licensee located in this Commonwealth which is *staffed on a full-time basis* and at which books, records, accounts and documents are to be maintained.” 63 P.S. § 456.302 (emphasis added).

14. Section 308(a)(4) of the MBBCEPA provides that a licensee shall be subject to an examination by the Department and that the Department shall be provided free access, during regular business hours, to the licensee's place or places of business in this Commonwealth. 63 P.S. § 456.308(a)(4).

15. Section 10(a)(4) of the SMLA provides that a licensee shall be subject to an examination by the Department and that the Department shall be provided free access, during regular business hours, to the licensee's place or places of business in this Commonwealth. 7 P.S. § 6610(a)(4).

Continuing Education

16. The Examination revealed that AGMC did not have an individual at the Former Principal Place obtain the continuing education credits for the annual renewal period of July 1, 2006 through June 30, 2007 (the "2006-2007 Renewal Period").

17. The annual renewal period by which a licensee must complete its continuing education requirements is "[t]he licensing term commencing July 1 of 1-calendar year and ending on June 30 of the following calendar year." 10 Pa. Code § 44.1.

18. Section 304(e) of the MBBCEPA and Section 44.2(a)(1) of the MBBCEPA Regs provide, in relevant part, that a first mortgage banker shall demonstrate to the satisfaction of the Department that "at least one individual from each licensed office has attended a minimum of six hours of such continuing education each year." 63 P.S. § 456.304(e), 10 Pa. Code § 44.2(a)(1).

19. Section 44.3(a) of the MBBCEPA Regs provides, in relevant part, that "a licensee shall include as part of its renewal application a statement that the requirements of this chapter have been completed by at least one separate mortgage professional at each licensed office . . ." 10 Pa. Code § 44.3(a).

20. The Examination also revealed that AGMC did not keep a log or statement of continuing education credits that were completed during the last three renewal periods.

Authority of the Department

21. Section 310(a) of the MBBCEPA grants the Department the authority to issue orders as may be necessary for the enforcement of the MBBCEPA. 63 P.S. § 456.310(a).

22. Section 314(c) of the MBBCEPA provides, in relevant part, that "[a]ny person licensed under the provisions of this chapter or any director, officer, employee or agent of a licensee who shall violate the provisions of this chapter or shall direct or consent to such

violations shall be subject to a fine levied by the department of up to \$2,000 for each offense. 63 P.S. § 456.314(c).

23. Section 44.5(a) of the MBBCEPA Regs provides, in relevant part, that “[t]he Department may levy a fine of up to \$2,000 for each offense under section 314(c) of the [MBBCEPA] . . .” 10 Pa. Code § 44.5(a).

24. Section 16(1) of the SMLA grants the Department the authority to issue orders as may be necessary for the enforcement of the SMLA.” 7 P.S. § 6616(1).

25. Section 22(b) of the SMLA provides, in relevant part, that “a corporation licensed under the provisions of this act or any director, officer, employee or agent who shall violate any provision of this act or shall direct or consent to such violations, shall be subject to a fine of \$2,000 for the first offense, and for each subsequent offense a like fine and/or suspension of license.” 7 P.S. § 6622(b).

VIOLATIONS

26. AGMC is in violation of Section 308(a)(4) of the MBBCEPA and Section 10(a)(4) of the SMLA by failing to provide the Department with free access to records to an examiner during an attempted examination.

27. AGMC is in violation of Section 308(a)(2) of the MBBCEPA and Section 10(a)(2) of the SMLA by not maintaining required records at its principal place of business in Pennsylvania when AGMC did not have authorization to maintain the records elsewhere.

28. AGAMC is in violation of Section 304(e) of the MBBCEPA and Section 44.2(a)(1) of the MBBCEPA Regs by failing to have an individual complete the required continuing education at the Former Principal Place for the 2006-2007 renewal period.

29. AGMC is in violation of Section 44.3(a) of the MBBCEPA Regs by not maintaining a statement of the continuing education credits completed.

RELIEF

30. Fine. Within thirty (30) days of the Effective Date of this Order, AGMC shall pay to the Department a fine of \$4,500. The fine payment shall be remitted by a certified check or money order made payable to the Department of Banking, Attn: Bureau of Compliance, Investigation and Licensing, 17 North Second Street, Suite 1300, Harrisburg, PA 17101.

26. Corrective Measures.

a. Staffing. Within thirty (30) days of the Effective Date of this Order, AGMC shall staff its principal place of business in Pennsylvania on a full-time basis, i.e. AGMC shall have a knowledgeable W-2 employee who meets the continuing education requirements of the MBBCEPA, the MBBCEPA Regs and the SMLA and who is physically located at the principal place of business during regular business hours. Knowledgeable is defined as having the capability to conduct the business of AGMC, including being able to directly contact consumers to present, negotiate or provide advice regarding loan terms.

b. Recordkeeping. Upon the Effective Date of this Order, AGMC shall maintain all Pennsylvania first and secondary residential mortgage loan records at its principal place of business in Pennsylvania unless the Department authorizes otherwise.

c. Continuing Education. Upon the Effective Date of this Order, AGMC shall comply with the continuing education requirements as set forth in the MBBCEPA and the MBBCEPA Regs.

FURTHER PROVISIONS

31. Consent. AGMC hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau's order authority under the MBBCEPA, the MBBCEPA Regs. and the SMLA and agrees that it understands all of the terms and conditions contained herein. AGMC, by voluntarily entering into this Order, waives any right to a hearing or appeal concerning the terms, conditions and/or penalties set forth in this Order.

32. Publication. The Department will publish this Order pursuant to its authority in Section 302.A.(5) of the Department of Banking Code. 71 P.S. § 733-302.A.(5).

33. Entire Agreement. This Order contains the whole agreement between the parties. There are no other terms, obligations, covenants, representations, statements, conditions, or otherwise, of any kind whatsoever concerning this Order. This Order may be amended in writing by mutual agreement by the Bureau and AGMC.

34. Binding Nature. The Department, AGMC, and all officers, owners, directors, employees, heirs and assigns of AGMC intend to be and are legally bound by the terms of this Order.

35. Counsel. This Order is entered into by the parties upon full opportunity for legal advice from legal counsel.

36. Effectiveness. AGMC hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order ("Effective Date").

37. Other Enforcement Action.

a. The Department reserves all of its rights, duties, and authority to enforce all statutes, rules and regulations under its jurisdiction against AGMC in the future regarding all matters not resolved by this Order.

b. AGMC acknowledges and agrees that this Order is only binding upon the Department and not any other local, state or federal agency, department or office regarding matters within this Order.

38. Authorization. The parties below are authorized to execute this Order and legally bind their respective parties.

39. Counterparts. This Order may be executed in separate counterparts and by facsimile.

40. Titles. The titles used to identify the paragraphs of this document are for the convenience of reference only and do not control the interpretation of this document.

WHEREFORE, in consideration of the foregoing, including the recital paragraphs, the Department and AGMC intending to be legally bound do hereby execute this Consent Agreement and Order.

**FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING, BUREAU OF
COMPLIANCE, INVESTIGATION AND LICENSING**

Ryan M. Walsh, Administrator
Bureau of Compliance, Investigation and Licensing
Department of Banking

Date: October 31, 2008

FOR A GREAT MORTGAGE COMPANY, INC. d/b/a AGMC

(Officer Signature)

(Print Officer Name)

CFO
(Title)

Date: 9-30-08