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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

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PA DEPT OF BANKING

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING,
BUREAU OF SUPERVISION AND
ENFORCEMENT

Docket No. 07-0010 (ENF C&D)

v.

MORTGAGE LENDERS NETWORK
USA, INC.

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking (the "Department"), Bureau of Supervision and Enforcement (the "Bureau"), has received information on the mortgage lending and brokering activities of Mortgage Lenders Network USA, Inc. ("MLN") and has determined that MLN did not have the ability to fund loans, including loans for which MLN had previously issued a commitment, because of MLN's inability to access its warehouse lines.

The Department and MLN, in lieu of litigation, and subject to the approval of the Bankruptcy Court in *In re Mortgage Lenders Network USA, Inc.*, Case No. 07-10146 (the "Bankruptcy Proceeding"), 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 Pennsylvania state governmental administrative agency authorized and empowered to administer and enforce the Mortgage Bankers and Brokers and

Consumer Equity Protection Act (the “MBBCEPA”), 63 P.S. 456.101 et seq., and the Secondary Mortgage Loan Act (the “SMLA”), 7 P.S. § 6601 et seq.

2. The Department’s Bureau of Supervision and Enforcement (the “Bureau”) is the Bureau within the Department with the primary responsibility of administering and enforcing the MBBCEPA and the SMLA.

3. “Pennsylvania Consumers” shall include Pennsylvania residents or persons that have submitted applications for loans which are, or are intended to be, secured by Pennsylvania real property.

4. MLN has held licenses in the Commonwealth of Pennsylvania as a First Mortgage Banker, license no. 1366, and a Secondary Mortgage Lender, license no. 0405.

5. MLN’s First Mortgage Banker license, license no. 1366, and Secondary Mortgage Lender license, license no. 0405, expired effective July 1, 2007.

6. MLN did not have sufficient warehouse lines of credit to fund loans that MLN had closed or intended to close with Pennsylvania Consumers.

7. MLN is in such financial condition that it cannot continue in the mortgage loan origination business in Pennsylvania without substantial likelihood that Pennsylvania Consumers will be injured.

8. Because MLN is not currently licensed in Pennsylvania, MLN cannot legally engage in the mortgage loan origination business in Pennsylvania unless and until MLN obtains the appropriate licenses.

9. On January 19, 2007, the Department issued an Order to Cease and Desist directed to MLN at its corporate headquarters at 213 Court Street, 11th Floor, Middletown, CT

06457 and its principal place of business in Pennsylvania at 132 Welsh Road, Suite 110, Horsham, PA. See Exhibit A.

10. On January 25, 2007, MLN filed a "Petition for Hearing and Review of Decision" with the Department in response to the Cease and Desist Order.

11. On February 5, 2007, MLN filed the Bankruptcy Proceeding, a voluntary petition for relief under Chapter 11 of Title 11 of the Bankruptcy Code, 11 U.S.C. §§ 101 through 1330, in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court").

12. As part of the Bankruptcy Proceeding, MLN has been engaged in the orderly winding down of its business operations and has voluntarily ceased the activities of a licensed First Mortgage Banker and Secondary Mortgage Lender in the Commonwealth of Pennsylvania.

13. Section 310(a) of the MBBCEPA, 63 P.S. § 456.310(a), grants the Department broad authority to issue orders for the enforcement of the MBBCEPA.

14. Section 16(1) of the SMLA, 7 P.S. § 6616(1), provides the Department with broad authority to issue orders as may be necessary for enforcement of the SMLA.

15. This Order is an administrative order pursuant to Section 310(a) of the MBBCEPA, 63 P.S. § 456.310(a) and 16(1) of the SMLA, 7 P.S. § 6616(1).

16. This Order is being entered in settlement of the outstanding Cease and Desist Order referenced in Paragraph 9.

17. MLN represents that, to the best of its knowledge, there are no Pennsylvania Consumers remaining in MLN's pipeline.

18. MLN represents that, to the best of its knowledge, it did not collect any advance fees from Pennsylvania Consumers.

19. MLN represents that, to the best of its knowledge, it is not aware of any liens recorded in the Commonwealth of Pennsylvania for closed but unfunded loans.

CORRECTIVE MEASURES

20. Upon the Effective Date of this Order, MLN agrees to permanently cease all mortgage banking and lending activities in the Commonwealth of Pennsylvania for which a license is required pursuant to the MBBCEPA and/or the SMLA including, but not limited to, accepting from either consumers or mortgage brokers any applications for residential first or secondary mortgage loans of any kind including those loans secured by Pennsylvania real property or from Pennsylvania consumers and advertising or soliciting mortgage loans in Pennsylvania or to Pennsylvania consumers.

21. Upon the Effective Date of this Order, MLN shall notify the Department of the location where required records are being maintained and, going forward, allow the Department access to examine the records as required under the MBBCEPA and the SMLA. 63 P.S. §§ 456.308(a)(2) and (4), 310(c)(1); 7 P.S. §§ 6610(a)(2) and (4); 6616(2).

22. Nothing in this Order shall prevent MLN from selling or assigning residential mortgage loans or the servicing rights to residential mortgage loans to another entity, servicing closed mortgage loans or engaging in other activity not prohibited herein or by the MBBCEPA and/or SMLA.

FURTHER PROVISIONS

23. Consent. Subject to the approval of the Bankruptcy Court, MLN hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau's order authority under the MBBCEPA and the SMLA and agrees that it understands all of the terms and conditions contained herein. Subject to the approval of the Bankruptcy Court, MLN, by voluntarily entering into this Order, waives any right to a hearing or appeal

concerning the terms and/or conditions set forth in this Order. In the event that the Bankruptcy Court fails to approve this Order, nothing herein shall be construed as a waiver by MLN of its right to pursue administrative remedies, including any and all rights to an administrative hearing, as well as any and all rights to appeal such administrative proceedings.

24. Publication and Release. MLN consents to the publication and release of this order upon its Effective Date.

25. 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 Department and MLN.

26. Binding Nature. Subject to the approval of the Bankruptcy Court, the Department and MLN intend to be and are legally bound by the terms of this Order.

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

28. Effectiveness. MLN and the Department hereby stipulate and agree that, after execution by both parties, this Order shall become effective upon approval of the Bankruptcy Court (the "Effective Date").

29. 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 MLN in the future regarding all matters not resolved by this Order.

b. MLN 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.

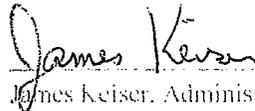
30. Authorization. Subject to the approval of the Bankruptcy Court, the individual signing below on behalf of MLN is authorized to execute this Order and legally bind MLN. The individual signing below on behalf of the Department is authorized to execute this Order and legally bind the Department.

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

32. 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, and subject to the approval of the Bankruptcy Court, the Department and Mortgage Lenders Network USA, Inc., intending to be legally bound, do hereby execute this Consent Agreement and Order.

FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING, BUREAU OF
SUPERVISION AND ENFORCEMENT



James Keiser, Administrator
Bureau of Supervision and
Enforcement
Department of Banking

Date: February 19, 2008

FOR MORTGAGE LENDERS NETWORK USA, INC.



Daniel Scouler
Chief Restructuring Officer
Mortgage Lenders Network USA, Inc.

Date: 1-21-08