

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

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

v.

PROFESSIONAL FINANCIAL LENDING, INC.

PA DEPT OF BANKING
Docket No. 08 0054 (CO)

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking, ("Department"), Bureau of Supervision and Enforcement ("Bureau") has conducted an examination into the business practices of Professional Financial Lending, Inc. ("Professional Financial Lending") and its officers, employees and directors. Based on the results of the examination, the Department alleges that Professional Financial Lending operated in violation of the Mortgage Bankers and Brokers & Consumer Equity Protection Act ("MBBCEPA"), 63 P.S. § 456.101 *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 ("Consent Agreement").

BACKGROUND

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the MBBCEPA.
2. The Bureau is primarily responsible for administering and enforcing the MBBCEPA for the Department.

3. Professional Financial Lending is licensed as a First Mortgage Broker, license no. 15660, and Secondary Mortgage Broker, license no. 15661, with a principal place of business located at 133 Route 6, Milford, Pennsylvania 18337-9532 (“Principal Place”).

4. On July 5, 2007, an Examiner for the Department conducted an examination of *Professional Financial Lending at the Principal Place* (“Examination”).

5. The Examination revealed that on at least twenty-three (23) occasions, Professional Financial Lending permitted two individuals to originate and close, on its behalf, first residential mortgage loans in Pennsylvania.

6. Professional Financial Lending compensated the two brokers as independent contractors via IRS Form 1099.

7. The two brokers that originated loans on behalf of Professional Financial Lending were not licensed by the Department.

VIOLATION

8. The MBBCEPA provides, in relevant part, that “no person shall act as a mortgage banker, loan correspondent, mortgage broker or limited mortgage broker in this Commonwealth *without a license.*” 63 P.S. § 456.303(a) (emphasis added).

9. However, employees of a licensed mortgage banker, mortgage broker and loan correspondent do not have to maintain their own license. 63 P.S. § 456.303(b)(11) (“The following persons shall not be required to be licensed under this chapter in order to conduct the first mortgage loan business . . . [e]mployees of a mortgage banker, mortgage broker and loan correspondent or excepted persons acting for their employers.”).

10. Professional Financial Lending compensated the two brokers working on its behalf via 1099, thus, these individuals were not employees of Professional Financial Lending but were independent contractors.

11. As a result, the brokers were engaging in unlicensed activity when they originated and closed first mortgage loans on behalf of Professional Financial Lending.

12. Section 314(c) of the MBBCEPA provides that, “[a]ny person licensed under the provisions of this chapter . . . who . . . *shall direct or consent to . . . violations* [of this chapter] shall be subject to a fine levied by the department of up to \$2,000 for each offense.” 63 P.S. § 456.314(c) (emphasis added).

13. Professional Financial Lending directed and/or consented to the two brokers’ unlicensed activity by processing and closing twenty-three (23) residential first mortgage loans.

14. By directing and/or consenting to the brokers’ unlicensed activity, Professional Financial Lending violated Sections 303(a) and 314(c) of the MBBCEPA.

RELIEF

13. Fine. Professional Financial Lending agrees to pay the Department a fine in the amount of \$6,000 due within thirty (30) days of the Effective Date of this Order. The payment shall be remitted by certified check or money order made payable to the Department of Banking, and shall be sent to the Attention of the Non-Depository Institutions, Supervision and Enforcement, 17 North Second Street, Suite 1300, Harrisburg, PA 17101.

14. Corrective Measures. Professional Financial Lending shall cease and desist from transacting business with unlicensed persons acting as independent contractors under its licensed name. Specifically, Professional Financial Lending shall employ persons originating or brokering loans on its behalf and will properly reflect their compensation on a W-2 form.

FURTHER PROVISIONS

15. Consent. Professional Financial Lending hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau's order authority under the MBBCEPA and agrees that it understands all of the terms and conditions contained herein. Professional Financial Lending, 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.

16. Publication and Release. Professional Financial Lending consents to the publication and release of this Order.

17. 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 Professional Financial Lending.

18. Binding Nature. The Bureau, Professional Financial Lending, and all officers, owners, directors, employees, heirs and assigns of Professional Financial Lending intend to be and are legally bound by the terms of this Order.

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

20. Effectiveness. Professional Financial Lending hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order ("Effective Date").

21. 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 Professional Financial Lending in the future regarding all matters not resolved by this Order.

b. Professional Financial Lending 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*.

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

23. Counterparts. This Order may be executed in separate counterparts.

24. 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 of Banking, Bureau of Supervision and Enforcement, and Professional Financial Lending, 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**

Ryan M. Walsh, Administrator
Bureau of Supervision and
Enforcement
Department of Banking

Date: March 27, 2008

FOR PROFESSIONAL FINANCIAL LENDING, INC.

(Print Officer Name)

President

(Title)

Date:

3/15/08