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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

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

PA DEPT OF BANKING

Docket No. 080004 (CO)

v.

U.S. MORTGAGE FINANCE CORP.
d/b/a WWW.USMFC.COM

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking ("Department"), Bureau of Examinations has conducted an examination of the business practices of U.S. Mortgage Finance Corp. d/b/a www.usmfc.com ("U.S. Mortgage Finance"), and its officers, employees and directors. Based on the results of the examination, the Bureau of Supervision and Enforcement ("Bureau") believes that U.S. Mortgage Finance operated in violation of the Secondary Mortgage Loan Act ("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 ("Order").

BACKGROUND

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

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

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3. U.S. Mortgage Finance became licensed as a Secondary Mortgage Lender, license no. 14298, on June 10, 2005 and is also licensed as a First Mortgage Banker, license no. 1645.

4. Prior to May 1, 2007, U.S. Mortgage Finance was licensed at its principal place of business located at 37 W. Market St., York, PA 17401-1225 ("Former Principal Place").

5. On May 1, 2007, U.S. Mortgage Finance changed the address of its principal place of business to its current address which is 1 Center Sq., Ste. 100, Hanover, PA 17331-3012 ("Principal Place").

6. U.S. Mortgage Finance also has a licensed branch location at 1922 Greenspring Drive, Timonium, MD 21903-7603, which is its corporate office.

7. In March 2005, an examiner from the Department conducted an examination of U.S. Mortgage Finance at the Former Principal Place ("March Examination").

8. The March Examination revealed that U.S. Mortgage Finance had closed four residential secondary mortgage loans without being licensed.

9. U.S. Mortgage Finance, through its President Charles R. Bell ("President"), was notified of the violation and agreed to cease the origination of the secondary mortgage loans until it obtained a license by the Department.

10. Based on U.S. Mortgage Finance's agreement to cease the secondary mortgage loan activity until obtaining a license, no disciplinary action was taken as a result of the March Examination.

11. On April 19, 2007 and April 20, 2007, an examiner from the Department conducted another examination of U.S. Mortgage Finance at the Former Principal Place ("April Examination").

VIOLATIONS

12. The April Examination of U.S. Mortgage Finance's records revealed that U.S. Mortgage Finance originated four residential secondary mortgage loans after the March Examination and prior to obtaining its license on June 10, 2005 as a secondary mortgage lender.

13. U.S. Mortgage Finance, through its President, admitted that it originated four secondary mortgage loans prior to obtaining its secondary mortgage lender license.

14. Section 3(a)(1) of the SMLA provides that:

No person shall engage in the business of making secondary mortgage loans in this Commonwealth except a business corporation organized under the laws of this Commonwealth or any other state, after first obtaining a license from the secretary in accordance with the provisions of this act.

7 P.S. § 6603(a)(1).

15. A person is deemed to be engaged in the secondary mortgage loan business in the Commonwealth if "such person advertises, causes to be advertised, solicits, negotiates or arranges in the ordinary course of business, offers to make or makes more than two secondary mortgage loans in a calendar year in this Commonwealth." 7 P.S. §6603(a)(5)(i).

16. Because U.S. Mortgage Finance was not licensed as a secondary mortgage lender until June 10, 2005, it violated Section 3(a)(1) of the SMLA by originating four mortgage loans prior to that date.

17. 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) (emphasis added).

RELIEF

18. Fine. Within thirty (30) days of the Effective Date of this Order, U.S. Mortgage Finance agrees to pay to the Department a fine in the amount of \$2,000. Payment shall be remitted by certified check or money order and made payable to the "Department of Banking" and shall be sent to the Attention of the Non-Depository Institutions, Supervision, and Enforcement located at 17th N. Second Street, 13th Floor, Harrisburg, PA 17101.

20. Corrective Action. U.S. Mortgage Finance agrees to maintain its secondary mortgage lender license as required by the SMLA as long as it continues to engage in the business of making residential secondary mortgage loans in the Commonwealth as set forth in the SMLA.

FURTHER PROVISIONS

21. Consent. U.S. Mortgage Finance hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau's order authority under the the SMLA and agrees that it understands all of the terms and conditions contained herein. U.S. Mortgage Finance, 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.

22. Publication and Release. U.S. Mortgage Finance consents to the publication and release of this Order.

23. 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 U.S. Mortgage Finance.

24. Binding Nature. The Bureau, U.S. Mortgage Finance, and all officers, owners,

directors, employees, heirs and assigns of U.S. Mortgage Finance intend to be and are legally bound by the terms of this Order.

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

26. Effectiveness. U.S. Mortgage Finance hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order (the "Effective Date")

27. 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 U.S. Mortgage Finance in the future regarding all matters not resolved by this Order.

b. U.S. Mortgage Finance 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.

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

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

30. 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 Bureau and U.S. Mortgage Finance Corp. 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: January 10, 2008

FOR U.S. MORTGAGE FINANCE CORP.

)
Charles R. Bull, Jr.
(Print Officer Name)

President
(Title)

Date: Dec. 31, 2007