

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

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COMMONWEALTH OF PENNSYLVANIA	:	PA DEPT. OF BANKING
DEPARTMENT OF BANKING, BUREAU	:	
OF COMPLIANCE, INVESTIGATION	:	Docket No. : 09 <u>0233</u> (ENF-CO)
AND LICENSING,	:	
	:	
v.	:	
	:	
MORTGAGE MASTER, INC	:	

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**CONSENT AGREEMENT AND ORDER**

The Commonwealth of Pennsylvania, acting through the Department of Banking (the "Department"), Bureau of Examinations, has conducted an examination of Mortgage Master Inc., ("Mortgage Master") and its officers, employees and directors. Based on the results of the examination, the Bureau of Compliance, Investigation and Licensing (the "Bureau") believes that Mortgage Master operated in violation of 7 Pa. C. S. § 6101 et seq. (the "Mortgage Licensing Act"). The parties to the above captioned matter, in lieu of litigation, 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 Mortgage Licensing Act.
2. The Bureau is primarily responsible for administering and enforcing the Mortgage Licensing Act for the Department.
3. The Mortgage Licensing Act is the successor statute to Chapter 3 of the Mortgage Bankers and Brokers and Consumer Equity Protection Act (the "MBBCEPA"), 63 P.S. § 456.301 et seq., and the Secondary Mortgage Loan Act (the "SMLA"), 7 P.S. § 6601 et seq. On

November 5, 2008, Chapter 3 of the MBBCEPA and the SMLA were repealed by operation of law and replaced by the Mortgage Licensing Act.

4. Mortgage Master was licensed as a First Mortgage Banker, license number 12184, pursuant to the MBBCEPA, and as a Secondary Mortgage Lender, license number 12444, pursuant to the SMLA.

5. The First Mortgage Banker license and Secondary Mortgage Lender license were cancelled by operation of law when Mortgage Master was granted a conditional license, license number 23036, pursuant to the Mortgage Licensing Act effective November 5, 2008.

6. Prior to enactment of the Mortgage Licensing Act, Mortgage Master maintained a Pennsylvania principle place of business at 1060 First Avenue Suite 400, King of Prussia, PA 19406.

7. Mortgage Master maintained a licensed branch office at 102 Elm Street, Walpole MA 02081 prior to enactment of the Mortgage Licensing Act.

8. On May 8, 2008, an examiner from the Department initiated an examination of Mortgage Master at its principal place of business.

9. The Examination revealed that Mortgage Master originated four hundred thirty seven (437) Pennsylvania first mortgage loans from eight (8) locations that were not licensed as branches.

#### Authority of the Department

10. The Mortgage Licensing Act defines a "branch" as "[a]n office or other place of business, other than the principal place of business, located in this Commonwealth or any other state, where a person engages in the mortgage loan business subject to this chapter." 7 Pa.C.S. § 6102 (corresponding to 63 P.S. § 456.302).

11. Section 6131(a) (1) (ii) of the Mortgage Licensing Act (corresponding to Section 304(a) of the MBBCEPA and Section 4(a) (5) of the SMLA) provides, in relevant part, that an application for licensure shall include “the address *or addresses* where the applicant’s mortgage loan business is to be conducted.” 7 Pa.C.S. § 6131(a) (1) (ii) (emphasis added) (corresponding to 63 P.S. § 456.304(a) and 7 P.S. § 6604(a) (5)).

12. Section 6132(b) (2) of the Mortgage Licensing Act (corresponding to Section 305(a) of the MBBCEPA and Section 5 of the SMLA) provides that a licensee must pay a renewal fee for each branch office. 7 Pa.C.S. § 6132(b) (2) (corresponding to 63 P.S. § 456.305(a) and 7 P.S. § 6605).

13. Section 6138(a)(4) of the Mortgage Licensing Act (corresponding to Section 310(a) of the MBBCEPA and Section 16(1) of the SMLA) provides the Department with authority to issue orders as may be necessary for the proper conduct of the mortgage loan business and the enforcement of the Mortgage Licensing Act. 7 Pa.C.S. § 6138(a) (4) (corresponding to 63 P.S. § 456.310(a) and 7 P.S. § 6616(1)).

14. Section 6140(b) of the Mortgage Licensing Act (corresponding to Section 314(c) of the MBBCEPA and Section 22(b) of the SMLA) provides, in relevant part, that “[a] person licensed under this chapter or director, officer, owner, partner, employee or agent of a licensee who violates a provision of this chapter or who commits any action which would subject the licensee to suspension, revocation or nonrenewal under section 6139 may be fined by the department up to \$10,000 for each offense.” 7 Pa C.S. § 6140(b) (corresponding to 63 P.S. § 456.314(c) and 7 P.S. § 6622(b)).

15. The Bureau alleges that by conducting mortgage loan business from unlicensed locations, Mortgage Master was in violation of Sections 6131(a)(1)(ii) and 6132(b)(2) of the Mortgage Licensing Act. 7 Pa.C.S. §§ 6131(a)(1)(ii) and 6132(b)(2).

#### **RELIEF**

16. Fine. Mortgage Master agrees to pay a fine of fifty thousand dollars (\$50,000) which shall be due and payable to the Department in two monthly installments of twenty-five thousand dollars (\$25,000). The first installment shall be due and payable within thirty (30) days of the Effective Date of this Order and the second installment shall be due and payable within (60) days of the Effective Date of this Order. Payment shall be remitted by a certified check or money order made payable to the Pennsylvania Department of Banking and sent to the attention of the Compliance Division, Bureau of Compliance, Investigation and Licensing, 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

17. Corrective Measures. Upon the Effective Date of this Order, Mortgage Master shall cease and desist from originating Pennsylvania mortgage loans from unlicensed locations.

#### **FURTHER PROVISIONS**

18. Consent. Mortgage Master hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau's order authority under the Mortgage Licensing Act and agrees that they understand all of the terms and conditions contained therein. Mortgage Master, by voluntarily entering into this Order, waives any right to a hearing or appeal concerning the terms, conditions or penalties set forth in this Order.

19. 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).

20. 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 Mortgage Master.

21. Binding Nature. The Department and Mortgage Master intend to be and are legally bound by the terms of this Order.

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

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

24. 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 Mortgage Master in the future regarding all matters not resolved by this Order.

b. Mortgage Master 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.

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

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

27. 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 Mortgage Master 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**

Redacted

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Lucy Cortez, Administrator  
Bureau of Compliance,  
Investigation and Licensing  
Department of Banking

Date: 12/10/09

**FOR MORTGAGE MASTER, INC**

Redacted

\_\_\_\_\_  
(Officer Signature)

Paul G. Anastos  
(Print Officer Name)

President  
(Title)

Date: 12/7/2009