



**WHEREAS**, in or around May 2009 the Bureau became aware that Loan Modification Biz was engaged in the business of negotiating modifications to existing mortgage loans of Pennsylvania consumers; and

**WHEREAS**, Loan Modification Biz offers to refinance mortgage loans for Pennsylvania consumers in the mortgage loan modification process; and

**WHEREAS**, specifically, Loan Modification Biz's website, loan-modification.biz, offers refinancing as a mortgage loan modification product and lists Pennsylvania as a state in which Loan Modification Biz conducts business; and

**WHEREAS**, the Mortgage Act applies to any mortgage loan that is "(i) negotiated, offered or otherwise transacted within this Commonwealth, in whole or in part, whether by the ultimate lender or any other person; (ii) made or executed within this Commonwealth; or (iii) notwithstanding the place of execution, secured by real property located in this Commonwealth" or to "[a]ny person who engages in the mortgage loan business in this Commonwealth." 7 Pa. C.S. § 6151; and

**WHEREAS**, Section 6102 of the Mortgage Act defines a "first mortgage loan" as "[a] loan which is secured in whole or in part by a first lien upon any interest in real property created by a security agreement, including a mortgage, indenture, deed of trust or any other similar instrument or document, which real property is used as a one-family to four-family dwelling, a portion of which may be used for nonresidential purposes." 7 Pa. C.S. § 6102; and

**WHEREAS**, Section 6102 of the Mortgage Act defines a "secondary mortgage loan" as "[a] loan which is secured in whole or in part by a lien upon any interest in real property created by a security agreement, including a mortgage, indenture, deed of trust or any other similar instrument or document, which real property is subject to a prior lien and which is used as a one-

family to four-family dwelling, a portion of which may be used for nonresidential purposes.” 7 Pa. C.S. § 6102; and

**WHEREAS**, Section 6102 of the Mortgage Act defines a “mortgage loan” as “[a] first or secondary mortgage loan, or both, as the context may require.” 7 Pa. C.S. § 6102; and

**WHEREAS**, Section 6102 of the Mortgage Act defines “mortgage loan business” as “[t]he business of *advertising*, causing to be advertised, soliciting, negotiating or arranging in the ordinary course of business or offering to make or making mortgage loans.” 7 Pa. C.S. § 6102 (emphasis added); and

**WHEREAS**, by advertising to refinance mortgage loans as part of the loan modification process with Pennsylvania consumers, Loan Modification Biz has engaged in the “mortgage loan business” as defined in the Mortgage Act; and

**WHEREAS**, Loan Modification Biz is not licensed to conduct mortgage loan business in Pennsylvania; and

**WHEREAS**, Section 6111 of the Mortgage Act provides that “. . . no person shall engage in the mortgage loan business in this Commonwealth without being licensed as a mortgage broker, mortgage lender, mortgage loan correspondent or mortgage originator as provided under this chapter.” 7 Pa. C.S. § 6111; and

**WHEREAS**, Loan Modification Biz has violated the Mortgage Act by engaging in the mortgage loan business in Pennsylvania without a license; and

**WHEREAS**, Section 6138(a)(4) of the Mortgage Act 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 Act. 7 Pa. C.S. § 6138(a)(4); and

**WHEREAS**, Section 6140(a) of the Mortgage Act provides, in relevant part that “[a] person subject to the provisions of this chapter and not licensed by the department who violates any provision of this chapter or who commits any action which would subject a license to suspension, revocation or nonrenewal under section 6139 (relating to suspension, revocation or refusal) may be fined by the department up to \$10,000 for each offense.” 7 Pa. C.S. § 6140(a); and

**AND NOW, THEREFORE**, since Loan Modification Biz has engaged in unlicensed activity, the Bureau, pursuant to its authority referenced above hereby imposes the following Order:

1. Upon the effective date of this Order, Loan Modification Biz shall cease and desist from engaging in the mortgage loan business subject to the Mortgage Act, including, but not limited to, advertising (including website advertising) refinancing mortgage loans for Pennsylvania consumers and in refinancing mortgage loans for Pennsylvania consumers, unless and until such time that Loan Modification Biz is licensed by the Department pursuant to the Mortgage Act.

2. Upon the effective date of this Order, Loan Modification Biz shall provide a list of Pennsylvania consumers that are working with Loan Modification Biz. The list shall include, but is not limited to:

- a. The names of all Pennsylvania consumers that have responded to Loan Modification Biz’s advertisements or that Loan Modification Biz have as clients;
- b. The address and telephone numbers of the consumers listed in (a); and
- c. The current application status.

The list shall be sent to John Talalai, Administrator, Compliance Division, at \_\_\_\_\_ by 5:00 PM eastern time on the effective date of this Order.

3. Upon the effective date of this Order, Loan Modification Biz shall provide a list of any other websites or advertising sources that Loan Modification Biz utilizes. The list shall be sent to John Talalai, Administrator, Compliance Division, at \_\_\_\_\_ by 5:00 PM eastern time on the effective date of this Order.

4. If Loan Modification Biz is in the business of selling leads generated from its website, upon the effective date of this Order, Loan Modification Biz shall provide a list of all companies Loan Modification Biz sold the leads to. This list shall include:

- a. the name of the companies
- b. the address of the companies
- c. the telephone numbers; and
- d. name of a contact at the companies.

The list shall be sent to John Talalai, Administrator, Compliance Division, at \_\_\_\_\_ by 5:00 PM eastern time on the effective date of this Order.

5. Nothing in this Order shall prevent the Bureau from taking any further administrative action as deemed necessary including, but not limited to imposing fines pursuant to Section 6140(a) of the Mortgage Act or seeking restitution for Pennsylvania consumers.

IT IS SO ORDERED

John Talalai, Administrator  
Compliance Division  
Department of Banking,  
Bureau of Compliance, Investigation and Licensing

May 22, 2009  
(Date)

FILED

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

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COMMONWEALTH OF PENNSYLVANIA	:	Docket No.: 09 <u>0093</u>	PA DEPT OF BANKING
DEPARTMENT OF BANKING, BUREAU OF	:	(ENF-C&D)	
COMPLIANCE, INVESTIGATION AND	:		
LICENSING,	:		
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v.	:		
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LOAN MODIFICATION BIZ	:		

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing Order to Cease and Desist upon the parties below, who constitute the only parties of record in this proceeding, in accordance with the requirements of 1 Pa. Code §§ 33.35, 33.36 and 33.37:

BY FIRST CLASS MAIL

Loan Modification Biz  
c/o Ted Schmidt  
Leadsnet Inc.  
P.O. Box 483  
South Lake Tahoe, CA 96156

Dated this 22<sup>nd</sup> day of May, 2009.

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Attorney I.D. # 203016  
FOR: Commonwealth of Pennsylvania  
Department of Banking  
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