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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING, BUREAU
OF COMPLIANCE, INVESTIGATION
AND LICENSING

PA DEPT OF BANKING

090205

Docket No. 09 ~~0204~~ (ENF-CO)

v.

WELCOME MORTGAGE CORPORATION

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking ("Department"), Bureau of Examinations, has conducted an examination of Welcome Mortgage Corp. ("WMC") and its officers, employees and directors. Based on the findings of the examination, the Bureau of Compliance, Investigation and Licensing (the "Bureau") believes that WMC violated provisions of the Mortgage Licensing Act, 7 Pa. C.S. § 6101 *et seq.* WMC admits no wrongdoing. The parties to the above-captioned matter, in order to avoid litigation 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 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. § 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 On November 5, 2008, Chapter 3 of the MBBCEPA and the SMLA were repealed by operation of law and replaced by the Mortgage Act, subsequently amended by the Mortgage Licensing Act.

4. WMC was formerly licensed as a First Mortgage Banker, License No. 19818 pursuant to the MBBCEPA and as a Secondary Mortgage Lender, license no. 19819, pursuant to the SMLA.

5. WMC was granted a Mortgage Broker license; license no 910891, pursuant to the Mortgage Act on January 1, 2009.

6. WMC, as a mortgage broker, is not authorized to issue lock-in agreements in Commonwealth of Pennsylvania or for mortgage loan transaction that fall under the jurisdiction of the Department.

7. WMC maintained, at all relevant times, its principal place of business in Pennsylvania at 4634 Hartel Ave, Philadelphia, PA 19136.

8. WMC maintained, at all relevant times, a corporate headquarters located at 131 Kings Highway East, Haddonfield, NJ, 08033 (the "corporate office").

9. WMC's corporate office is licensed by the state of New Jersey as a mortgage lender, and is authorized in that state as a loan correspondent, a mortgage banker, and secondary mortgage lender with license reference number 8800264.

10. WMC is permitted to issue lock-in agreements in New Jersey.

11. WMC's corporate office in New Jersey was not licensed as a Pennsylvania branch at all relevant times.

12. On March 20, 2008, the Department initiated an examination of WMC at the Pennsylvania principal place of business.

FACTUAL ALLEGATIONS

13. The examination by Department's Bureau of Examinations revealed fifteen (15) instances where interest rate lock-in agreements were issued by WMC to consumers related to mortgage loan transaction under the jurisdiction of the Department.

14. WMC states that it is licensed in New Jersey to issue lock-in agreements, that it did not charge any fee for the lock-in agreements at issue, and that all consumers received the benefit of this agreement and were not harmed.

15. The examination revealed that WMC's loan officers originated fifteen (15) mortgage loan applications involving Pennsylvania properties; that were executed in the Commonwealth; and were negotiated, offered and otherwise transacted in the Commonwealth, all of which bore the address of interview on the Uniform Residential Loan Application (form 1003) as the Haddonfield, New Jersey corporate office, rather than the address of the Pennsylvania principle place of business.

16. The appearance of the Haddonfield, New Jersey corporate office address on the loan applications incorrectly gave the appearance that the loans were originated from the Haddonfield, New Jersey corporate office when that office was not licensed by Pennsylvania as a branch office.

17. WMC contends that the loan applications at issue were not originated in New Jersey and the Haddonfield, New Jersey corporate address listed on the loan applications was an error due to a computer default in the computer program.

AUTHORITY OF THE DEPARTMENT

18. Section 6138(a) (4) of the Mortgage Licensing Act (corresponding to Sections 310(a) of the MBBCEPA and 16(1) of the SMLA) grants the Department broad authority to issue orders for 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)).

19. 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 nonrenewable 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)).

20. Section 6151 of the Mortgage Licensing Act (corresponding to Section 318 of the MBBCEPA) provides that the Mortgage Licensing Act shall apply to “(1) Any mortgage loan which 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, secure by real property located in this Commonwealth” 7 Pa.C.S. § 6151 (corresponding to 63 P.S. § 456.318).

21. Section 6123(7) of the Mortgage Licensing Act states that “a licensee engaging in the mortgage loan business shall not. . . . in the case of a mortgage broker or mortgage originator, commit to close or close mortgage loans in its own name, service mortgage loans, enter into

lock-in agreements or collect lock-in fees, provided, however, that a mortgage broker or mortgage originator can provide a lender's lock-in agreement to a consumer on behalf of that lender and collect lock-in fees payable to that lender on the lender's behalf." 7 Pa. C.S. § 6123(7) (corresponding to Section 309(a)(5) of the MBBCEPA, 63 P.S. § 456.309(a)(5).

22. Section 6102 of 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 Section 302 of the MBBCEPA 63 P.S. § 456.302).

ALLEGED VIOLATIONS

23. The Bureau alleges that WMC violated Section 6123(7) of the Mortgage Licensing Act (corresponding to Section 456.309(a)(5) of the MBBCEPA) by issuing interest rate lock-in agreements on fifteen occasions for Pennsylvania mortgage loans without the proper Pennsylvania license to do so.

24. The Bureau further alleges that WMC failed to comply with Section 6151 (corresponding to Section 456.318 of the MBBCEPA) when it did not properly record the Pennsylvania address of its licensed location on loan applications negotiated, executed and secured by real property in the Commonwealth.

RELIEF

25. Fine. WMC agrees, without admitting wrongdoing, to pay a fine of \$2,500 in installments of \$500 a month. The first payment shall be due within thirty (30) days of the Effective Date of this Order. Each subsequent payment shall be due thirty days from the date of the previous payment until paid in full.

26. The fine payment shall be remitted by certified check or money order made payable to the "Department of Banking" and direct the payment to the attention of the following: Department of Banking, Bureau of Compliance, Investigation and Licensing, 17 North Second Street, Suite 1300, Harrisburg, PA 17101.

FURTHER PROVISIONS

27. Consent. Welcome Mortgage Corporation hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order, without admitting wrongdoing, and to avoid litigation, acknowledges that it understands all of the terms and conditions contained therein. Welcome Mortgage Corporation, 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.

28. 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).

29. 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 Welcome Mortgage Corporation.

30. Binding Nature. The Bureau, Welcome Mortgage Corporation, and all officers, owners, directors, employees, heirs and assigns of Welcome Mortgage Corporation intend to be and are legally bound by the terms of this Order.

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

32. Effectiveness. Welcome Mortgage Corporation hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order (“Effective Date”).

33. 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 Welcome Mortgage Corporation in the future regarding all matters not resolved by this Order.

b. Welcome Mortgage Corporation 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.

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

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

36. 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 Welcome Mortgage Corporation 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**

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

Date: 10/5/09

FOR WEI ~~COME~~ MORTGAGE CORPORATION

(Off: _____
Signature)

(Print Officer Name)

(Title)

Date: 9/24/09