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COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

PA DEPT OF BANKING

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COMMONWEALTH OF PENNSYLVANIA :  
DEPARTMENT OF BANKING, BUREAU :  
OF COMPLIANCE, INVESTIGATION :  
AND LICENSING :  
: Docket No.: 100002 (ENF-CO)  
v. :  
: :  
HANSEN FINANCIAL SERVICES, INC. :  
D/B/A HANSEN MORTGAGE SERVICES, :  
INC. D/B/A WWW.HANSENMTG.COM :  
AND HANSEN CHENG, individually :

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CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking (the "Department"), Bureau of Compliance, Investigation and Licensing (the "Bureau"), has conducted a review of Hansen Financial Services, Inc. d/b/a Hansen Mortgage Services, Inc. d/b/a www.hansenmtg.com ("Hansen Financial") and its officers, employees and directors, including its President and owner Hansen Cheng. Based on the results of its review, the Bureau concludes that Hansen Financial and Hansen Cheng operated in violation of the Mortgage Licensing Act, 7 Pa. C.S. § 6101 *et. seq.* ("MLA"). 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 (the "Order").

**BACKGROUND**

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

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

3. The MLA 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 seq.* On November 5, 2008, Chapter 3 of the MBBCEPA and the SMLA were repealed by operation of law and replaced by the Mortgage Act, which was subsequently amended on August 5, 2009 by the MLA.

4. Prior to September 17, 2009, Hansen Financial's principal place of business was located at 2141 Downeyflake Lane 3<sup>rd</sup> Fl, Allentown, PA 18103 ("former principal place").

5. Currently, Hansen Financial's principal place of business is located at 5531 Hamilton Blvd. #7, Allentown, PA 18106.

6. At all times relevant to this Order, Hansen Financial was owned and operated by its President Hansen Cheng ("Mr. Cheng").

7. Prior to the enactment of the MLA, Hansen Financial was licensed by the Department as a Loan Correspondent, license no. 0129, pursuant to the MBBCEPA and as a Secondary Mortgage Broker, license no. 0613, pursuant to the SMLA.

8. On or about December 20, 2008, Mr. Cheng filed a request for a Mortgage Loan Originator License with the Department; the request is still pending.

9. On or about December 29, 2008, Hansen Financial was granted a conditional license as a Mortgage Loan Correspondent pursuant to the MLA.

10. On or about November 19, 2009, Hansen Financial filed a request for a Mortgage Broker license with the Department; the request is still pending.

11. The purpose of this Order is to give Hansen Financial and Mr. Cheng an opportunity to resolve the outstanding issues with the Department, set forth below, to enable the Department to render a decision on the pending requests for a Mortgage Broker and Mortgage Originator license.

Annual Report Fine

12. The MLA (and the former MBBCEPA and the SMLA) requires licensees to file annual reports setting forth the amount of mortgage loan business conducted by the licensee during the preceding calendar year.

13. Specifically, Section 6135(a)(3) of the MLA (corresponding to Section 308(a)(3) of the MBBCEPA and Section 10(a)(3) of the SMLA) provides that:

A mortgage broker, mortgage lender or mortgage loan correspondent, or a mortgage originator that is required to obtain and maintain its own bond coverage pursuant to section 6131(f)(4) (relating to application for license), on a date determined by the department, *shall file periodically as determined by the department, a report with the department setting forth such information as the department shall require concerning the first or secondary mortgage loan business conducted by the licensee during the preceding calendar year.* The report shall be on a form provided by the department and shall be filed with the Nationwide Mortgage Licensing System and Registry. *Licensees who fail to file the required report at the date required by the department may be subject to a penalty of \$100 for each day after the due date until the report is filed.*

*See 7 Pa. C.S. § 6135(a)(3) (emphasis added) (corresponding to 63 P.S. § 456.308(a)(3) and 7 P.S. § 6610(a)(3)).*

14. The Department required licensees to file their 2008 annual reports by no later than March 31, 2009.

15. Because Hansen Financial was licensed as a mortgage loan correspondent and a secondary mortgage broker in 2008, it was required to file a 2008 annual report for each license by March 31, 2009.

16. Hansen Financial did not file its 2008 annual reports by March 31, 2009.

17. As a result, on July 10, 2009, the Department sent Hansen Financial a Notice of Fine imposing a \$2,000 fine and ordering Hansen Financial to file its annual reports immediately.

18. The Notice of Fine also provided that if Hansen Financial sought to contest the Department's imposition of the fine, it had 30 days to file an appeal and request a hearing.

19. Hansen Financial did not request a hearing on the Notice of Fine and, as a result, the \$2,000 fine became final.

20. On July 22, 2009, Hansen Financial filed the 2008 annual reports.

21. To date, Hansen Financial has not paid the \$2,000 fine.

#### Examination Costs

22. In August 2008, the Examinations Division of the Bureau conducted a loan correspondent examination and a secondary mortgage broker examination of Hansen Financial's former principal place.

23. The purpose of the examinations was to ascertain whether Hansen Financial and Mr. Cheng were complying with the terms of a Consent Agreement and Order previously entered with the Department on or about April 27, 2009.

24. Section 6138(a)(1) of the MLA (corresponding to Section 308(a)(4) of the MBBCEPA and Section 10(b)(3) of the SMLA) provides that:

The department shall have the authority to: (1) Examine any instrument, document, account, book, record or file of a licensee or any person having a connection to the licensee or make other investigation as may be necessary to administer the provisions of this chapter. . . *The costs of the examination shall be borne by the licensee or the entity subject to the examination.*

See 7 Pa. C.S. § 6138(a)(1)(*emphasis added*) (corresponding to 63 P.S. § 456.308(a)(4) and 7 P.S. § 6610(b)(3)).

25. On November 20, 2008, the Department billed Hansen Financial a total of \$5,398.34 for the examinations: \$4,720.87 for the Loan Correspondent examination costs and \$677.47 for the Secondary Mortgage Broker examination costs.

26. Payment was due by no later than January 20, 2009.

27. To date, Hansen Financial and Mr. Cheng has not paid the examination costs.

#### Authority of the Department

28. The Department has the authority to issue orders as may be necessary for the proper conduct of the mortgage loan business and the enforcement of the MLA. 7 Pa. C.S. § 6138(a)(4) (corresponding to 63 P.S. § 456.310(a) and 7 P.S. § 6616(1)).

29. Section 6139 of the MLA provides, in relevant part, that the Department may suspend, revoke or nonrenew a license if the licensee “[f]ailed to comply with or violated any provision of this chapter or any regulation or order promulgated or issued by the department under this chapter” or “[f]ailed to . . . file financial reports or other information that the department by regulation, statement of policy or order may require.” See 7 Pa. C.S. § 6139(a)(2), (8) (*emphasis added*) (corresponding to 63 P.S. § 456.313(a)(2), (11)).

30. The MLA provides 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)).

## VIOLATIONS

31. By failing to file its 2008 annual reports by March 31, 2009, Hansen Financial and Mr. Cheng violated Section 6135(a)(3) of the MLA.

32. By failing to pay the examination costs, Hansen Financial and Mr. Cheng violated Section 6138(a)(1) of the MLA.

## RELIEF

33. Fine. Hansen Financial and Mr. Cheng, individually, shall pay the \$2,000 annual report fine to the Department immediately upon the execution of this Order. Payment shall be made remitted by a certified check or money order to the "Department of Banking" and shall be sent to the attention of the Department of Banking, Bureau of Compliance, Investigation and Licensing located at 17 North Second Street, Suite 1300, Harrisburg, Pennsylvania 17101.

Hansen Financial and Mr. Cheng's Mortgage Broker and Mortgage Originator license applications shall not be processed until the Department receives the \$2,000 fine.

34. Examination Costs. Hansen Financial and Mr. Cheng, individually, shall pay the costs of the examinations, \$5,398.34, as follows: Hansen Financial will make five payments of \$899.72 and one final payment of \$899.74 with the first payment due within 30 days of the Effective Date of this Order and subsequent payments due 30 days thereafter until paid in full. Payments shall be made by certified check or money order made payable to the "Department of Banking" and shall be sent to the attention of the Department of Banking, Bureau of Compliance, Investigation and Licensing located at 17 North Second Street, Suite 1300, Harrisburg, Pennsylvania 17101.

If Hansen Financial and Mr. Cheng fail to comply with the terms of this payment arrangement, the Department expressly reserves the right to institute an enforcement action

against Hansen Financial and Mr. Cheng, individually, as appropriate including, but not limited to, suspension, revocation or refusal to renew licenses and the imposition of fines.

35. Corrective Action. From the Effective Date of this Order, Hansen Financial and Mr. Cheng shall file its annual reports on time and, if subject to another examination, shall pay the examination costs in a timely manner.

#### FURTHER PROVISIONS

36. Consent. Hansen Financial and Mr. Cheng, individually, hereby knowingly, willingly, voluntarily and irrevocably consent to the entry of this Order pursuant to the Bureau's order authority under the MLA and agrees that it understands all of the terms and conditions contained therein. Hansen Financial and Mr. Cheng, 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.

37. 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).

38. 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, Hansen Financial and Mr. Cheng.

39. Binding Nature. The Department and Hansen Financial and all officers, owners, directors, employees, heirs and assigns including, Mr. Cheng, intend to be and are legally bound by the terms of this Order.

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

41. Effectiveness. Hansen Financial and Mr. Cheng agrees that the Order shall become effective on the date that the Bureau executes the Order ("Effective Date").

42. 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 Hansen Financial and Mr. Cheng, individually, in the future regarding all matters not resolved by this Order.

b. Hansen Financial and Mr. Cheng, individually, acknowledge and agree 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.

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

44. Counterparts. This Order may be executed in separate counterparts and by facsimile or by email.

45. 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, Hansen Financial, and Hansen Cheng, individually, 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

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Ryan M. Walsh, Administrator  
Bureau of Compliance,  
Investigation and Licensing  
Department of Banking

Date: January 7, 2010

FOR HANSEN FINANCIAL SERVICES, INC. D/B/A HANSEN MORTGAGE  
SERVICES, INC. D/B/A WWW.HANSENMTG.COM

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Hansen Cheng, President

Date: 1/7/10

FOR HANSEN CHENG Individually

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Date: 1/7/10