



### Licenses Required

**WHEREAS**, by offering mortgage loan modification services to Pennsylvania consumers through the mail and through its website, Modification Services has engaged in the “mortgage loan business” as defined in the Mortgage Licensing Act; and

**WHEREAS**, Section 6102 of the Mortgage Licensing 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; and

**WHEREAS**, the Mortgage Licensing 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.” 7 Pa. C.S. § 6135(1) (emphasis added); and

**WHEREAS**, employees of Modification Services who originate modified loans for Pennsylvania residents or properties are required to be licensed as mortgage originators; and

**WHEREAS**, Section 6111(a) of the Mortgage Licensing 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. A mortgage originator may not engage in the mortgage loan business unless the mortgage originator is employed and supervised by a licensed mortgage broker, mortgage lender or mortgage loan correspondent. . .” 7 Pa. C.S. § 6111(a); and

**WHEREAS**, Section 6102 of the Mortgage Licensing Act defines a “mortgage originator” as an individual [that] takes a mortgage loan application or offers or negotiates terms of a mortgage loan for compensation or gain. 7 Pa. C.S. § 6102; and

**WHEREAS**, neither Modification Services nor its employees are licensed as mortgage brokers, lenders, loan correspondents or originators, or in any other manner whatsoever, pursuant to the Mortgage Licensing Act to engage in the mortgage loan business in Pennsylvania; and

**WHEREAS**, Modification Services has violated the Mortgage Licensing Act by engaging in the mortgage loan business in Pennsylvania without a license and by employing unlicensed loan originators; and

Bond

**WHEREAS**, Modification Services, as an unlicensed mortgage broker, does not have a bond to collect advance fees; and

**WHEREAS**, only licensed entities that have a bond are permitted to collect advance fees from Pennsylvania residents or for loans on properties located in Pennsylvania; 7 Pa. C.S. § 6131(e)(1); and

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

**WHEREAS**, Section 6140(a) of the Mortgage Licensing 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

**WHEREAS**, this order is effective within ten days of the date it is executed below if no petition for hearing is timely filed.

**AND NOW, THEREFORE**, the Department, pursuant to its authority referenced above hereby imposes the following Order:

1. Loan Origination. Upon the effective date of this Order, Modification Services and any and all officers, members, managers, employees, independent contractors or agents of Modification Services shall cease and desist from offering, soliciting, negotiating or providing mortgage loan modifications or otherwise engaging in the mortgage loan business subject to the Mortgage Licensing Act, including, but not limited to, advertising (including website advertising), accepting applications and negotiating mortgage loans and mortgage loan modifications in Pennsylvania or to Pennsylvania consumers, unless and until such time that Modification Services and all mortgage originators as defined by the Mortgage Licensing Act are licensed by the Department pursuant to the Mortgage Licensing Act.

2. Report. Within twenty days of the effective date of this order, Modification Services shall provide in writing the following information which shall be referred to as the Report:

- a. Any identifying information, including, but not limited to names, addresses, e-mail address, and phone numbers of Pennsylvania consumers that have responded to Modification Services’ advertisements, solicitations or website beginning in calendar year 2008; and

- b. The corresponding fees collected from each of those Pennsylvania consumers, if any; and
- c. The corresponding rate, term and monthly payment of principle and interest for any Pennsylvania consumer's mortgage loan for which modification was sought; and
- d. The corresponding rate, term and monthly payment of any Pennsylvania mortgage loans subsequent to modification; and
- e. The current status of any incomplete loan modification and the proposed rate, term and monthly payment for loan modifications in process.
- f. This information shall be sent to John Talalai, Administrator, Compliance Division, at \_\_\_\_\_, within twenty days of the effective date of this Order.
- g. The Report shall be updated every week thereafter until released in writing by the Bureau.

3. Advertising. Within twenty days of the effective date of this Order, Modification Services shall identify any other website addresses or company names used by Modification Services and its affiliates or subsidiaries, and provide copy for any other advertising or solicitations that Modification Services, its affiliates or subsidiaries, have utilized in the Pennsylvania markets, including, but not limited to, newspaper, radio, television, mail solicitations and telephone solicitations along with corresponding information as to the outlets used to reach the Pennsylvania markets. The information shall be sent to John Talalai, Administrator, Compliance Division, at \_\_\_\_\_

4. Contact Information. Within twenty days of the effective date of this Order, Modification Services shall provide a list of all owners, officers and employees of Modification Services. The list shall include the name, address telephone number and position of these individuals. The information shall be sent to John Talalai, Administrator, Compliance Division, at

5. Advance Fees. Within twenty days of the effective date of this Order, Modification Services shall refund all advance fees collected from Pennsylvania consumers and shall cease and desist from collecting any future advance fees. Proof of the refunded advance fees shall be made in the form of cancelled/cleared checks and shall be sent to John Talalai, Administrator, Compliance Division, at \_\_\_\_\_, by 5:00 PM eastern time within thirty days of the effective date of this Order.

6. Waiver. Nothing in this Order shall prevent Modification Services from seeking a waiver from the Department to allow Modifications Services to complete a loan modification for Pennsylvania consumers that had been originated and listed on the Report in order to prevent further harm to the consumer and for no other reason.

7. Reservation of Rights. 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) or (b) of the Mortgage Licensing Act or seeking restitution for consumers.

**IT IS SO ORDERED.**

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

Dated: 12-9-2010

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

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

v.

MODIFICATION SERVICES, INC.

PA DEPT OF BANKING

Docket No. : 10 0289 (ENT-ORD)

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing Order 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 CERTIFIED AND FIRST CLASS MAIL AND FACSIMILE

Modification Services, Inc.  
15520 Rockfield Blvd.  
Suite D  
Irvine, CA 92618

Dated this 9<sup>th</sup> day of December, 2010.

Linda Carroll  
Deputy Chief Counsel  
Attorney I.D. # 35868  
Commonwealth of Pennsylvania  
Department of Banking  
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