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DEPARTMENT OF BANKING

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COMMONWEALTH OF PENNSYLVANIA	:	Docket No. 11	<u>0057</u>	(ENF-CO)
DEPARTMENT OF BANKING, BUREAU	:			
OF COMPLIANCE, INVESTIGATION	:			
AND LICENSING	:			
	:			
	:			
v.	:			
	:			
ALLIED MORTGAGE GROUP, INC.	:			

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking (the "Department"), Bureau of Examinations has conducted an examination of Allied Mortgage Group, Inc. ("Allied Mortgage Group") and its officers, employees and directors. Based on the results of its review, the Bureau of Compliance, Investigation and licensing (the "Bureau") believes that Allied Mortgage Group operated in violation of the Mortgage Licensing Act, 7 Pa. C.S. § 6101 et seq. and the regulations called Proper Conduct of Lending and Brokering in the Mortgage Loan Business, 10 Pa. Code Ch. 46. 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 Mortgage Licensing Act.
2. The Bureau is primarily responsible for administering and enforcing the Mortgage Licensing Act for the Department.

3. Allied Mortgage Group was assigned the Nationwide Mortgage Licensing System and Registry ("NMLSR") identification no. 1067.

4. Allied Mortgage Group was granted a Mortgage Lender license, license no. 21600.

5. Allied Mortgage Group's principal place of business is located at 7 Bala Avenue, Suite 108, Bala Cynwyd, Pennsylvania 19004.

6. On June 21, 2010, the Bureau of Examinations commenced an examination of Allied Mortgage Group at its principal place of business upon which the Bureau's position is based.

Advertising

7. Section 6135(a)(5) of the Mortgage Licensing Act provides, in relevant part, that "each licensee shall include in all advertisements language indicating that the licensee is licensed by the department. In the case of a mortgage originator, all advertising shall include the name of the mortgage originator's employer and the mortgage originator's unique identifier." 7 Pa. C.S. § 6135(a)(5).

8. It is the Bureau's position that Allied Mortgage Group advertised in a newspaper and did not disclose in that publication that they were licensed by the Department in violation of section 6135(a)(5) of the Mortgage Licensing Act; this violation was also noted on examinations in November, 2005 and December, 2007.

9. It is further the Bureau's position that Allied Mortgage Group and its employees failed to disclose on websites (www.ronsmortgagestore.com; www.themortgagemaestro.com; and www.tomippolite.com), operated by the employees, that they are licensed by the Department.

10. On these same websites, Allied Mortgage Group and its employees failed to display the mortgage loan originator's National Mortgage Licensing System unique identifier number as required by the Mortgage Licensing Act. 7 Pa. C.S. §§ 6121(14); 6135(a)(5).

Supervision

11. Section 6121(13)(i) of the Mortgage Licensing Act states that a mortgage broker, mortgage lender or mortgage loan correspondent must "maintain supervision and control of and responsibility for the acts and omissions of all mortgage originators employed by the licensee." 7 Pa. C.S. § 6121(13)(i).

12. Allied Mortgage Group did not supervise its employees in regard to the websites in violation of the Mortgage Licensing Act. 7 Pa. C.S. § 6121(13)(i); 6131(f)(1).

Unlicensed Loan Officers

13. The Mortgage Licensing Act provides, in relevant part, that ". . . on and after the effective date of this section [November 5, 2008], no person shall engage in the mortgage loan business in this Commonwealth without being licensed as a . . . 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).

14. The Bureau alleges that approximately fourteen (14) loans were originated subsequent to November 5, 2008 by three (3) loan originators that were not licensed to originate loans within the commonwealth.

15. It is the conclusion of the Bureau that the mortgage loan applications originated by Allied Mortgage Group subsequent to November 5, 2008 through unlicensed individuals are in violation of the Mortgage Licensing Act.

Failure to Report Reverse Mortgages

16. Section 6135(a)(3) of the Mortgage Licensing Act provides that a mortgage broker, mortgage lender or mortgage loan correspondent “. . . 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.” 7 Pa. C.S. § 6135(a)(3).

17. Section 6131(b) of the Mortgage Licensing Act provides “[a]ll applicants and licensees shall be required to provide the department with written notice of the change in any information contained in an application for a license or for any renewal of a license within ten days of an applicant or licensee becoming aware of the change.” 7 Pa. C.S. § 6131(b).

18. It is the Bureau’s position that Allied Mortgage Group did not disclose on its Annual Report, MUI filing or other applications, reports and or submissions to the Department, directly or through NMLSR, that it was engaged in the origination of reverse mortgages, nor did it update its information within ten days of changes in violation of the reporting requirements set forth in the Mortgage Licensing Act.

19. It is further the Bureau’s position that, because Allied Mortgage Group was fined for failing to report reverse mortgages in a prior year, this repeat failure is a material misstatement by omission subject to the authority of the department to suspend, revoke or refuse to renew a license. 7 Pa. C.S. § 6139(a)(1).

Unique Identifier Missing from Applications

20. Section 6121(14) of the Mortgage Licensing Act requires that “in the case of a mortgage originator, clearly display the mortgage originator’s unique identifier on all mortgage

loan application forms and personal solicitations or advertisements, including business cards.” 7 Pa. C.S. § 6121(14).

21. It is the Bureau’s position that forty-seven (47) mortgage loan applications did not display the mortgage originator’s National Mortgage Licensing System unique identifier number.

Displaying of Mortgage Licenses

22. Section 6135(a)(1) of the Mortgage Licensing Act requires that “a licensee who is a mortgage broker, mortgage lender or mortgage correspondent shall conspicuously display, at each licensed place of business, its license and copies of the licenses of all mortgage originators assigned to that location.” 7 Pa. C.S. § 6135(a)(1).

23. It is the Bureau’s position that Allied Mortgage Group displayed an expired company license at its principal place of business office.

Consumer Disclosure Forms

24. Title 10, Chapter 46, relating to the proper conduct of lending and brokering in the mortgage loan business requires licensees to issue a one-page disclosure form prescribed by the Department within three (3) business days after the application is received or prepared by the licensee. Licensees are also required to have applicants sign and date the disclosure form, retain the disclosure form for their records and reissue the disclosure form if the licensee knows or reasonably should know the initial disclosure form is inaccurate. 10 Pa. Code § 46.2 (b) and (c).

25. It is the Bureau’s position that, in twenty-one (21) instances, Allied Mortgage Group was not providing the required Consumer Disclosure Form as required by the Proper Conduct Regulations and the Mortgage Licensing Act. 10 Pa. Code § 46.3(a).

26. Section 6121(10) of the Mortgage Licensing Act states that “the licensee shall disclose to the consumer, in writing, at the time of a loan application which fees paid or to be paid are nonrefundable.” 7 Pa. C.S. § 6121(10).

27. It is the Bureau’s position that Allied Mortgage Group did not provide the Application Fee Disclosure Form to clients on seventy (70) occasions.

Authority of the Department

28. Section 6138(a)(4) of the Mortgage Licensing Act grants the Department broad authority to issue orders for the proper conduct of the mortgage licensing business and the enforcement of the Mortgage Licensing Act. 7 Pa. C.S. § 6138(a)(4).

29. Section 6140(b) of the Mortgage Licensing Act 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).

RELIEF

30. Fine. Within 30 days of the effective date of this Order as defined in paragraph 37 below, Allied Mortgage Group shall pay the Department a fine in the amount of \$7,300 remitted by certified check or money order made payable to the Department of Banking. The fine payment shall be sent to the attention of: Non-Depository Institutions, Bureau of Compliance, Investigation and Licensing, Department of Banking, 17 North Second Street, Suite 1300, Harrisburg, PA 17101.

31. Corrective Action. Upon the effective date of this Order, Allied Mortgage Group shall cease and desist from violating the Mortgage Licensing Act and related regulations by

ensuring that all mortgage originators are properly supervised; all unique identifiers properly displayed on advertisements and loan applications; including "licensed by the Department of Banking" where and when required; properly completing all reports and update all information; properly displaying its current license and providing all Consumer Disclosure Forms when and as required.

FURTHER PROVISIONS

32. Consent. Allied Mortgage Group 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 it understands all of the terms and conditions contained therein. Allied Mortgage Group, 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. This Order represents the final resolution of the Department's Examination of Allied Mortgage Group and evidences the Department's agreement that no other fines, remedies, proceedings or actions shall be commenced, asserted or directed against Allied Mortgage Group as a result of the Examination.

33. 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).

34. 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 Allied Mortgage Group.

35. Binding Nature. The Department and Allied Mortgage Group intend to be and are legally bound by the terms of this Order.

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

37. Effectiveness. Allied Mortgage Group hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order.

38. 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 Allied Mortgage Group, in the future regarding all matters not resolved by this Order.

b. Allied Mortgage Group 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.

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

42. Counterparts. This Order may be executed in separate counterparts and by facsimile or electronic mail in portable document format "PDF."

43. 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, Allied Mortgage Group 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**

