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PA DEPT OF BANKING

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

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

Docket No. 11 0030 (ENF-CO)

v.

INTEGRATED FINANCIAL GROUP, INC.
d/b/a IFG MORTGAGE CORP

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking ("Department"), Bureau of Examinations, has conducted an examination of Integrated Financial Group, Inc. d/b/a IFG Mortgage Corp, ("Integrated"), and its officers, employees and directors. Based on the results of the examination, the Bureau of Compliance, Investigation and Licensing ("Bureau") believes that Integrated operated in violation of 7 Pa. C.S. § 6101 *et seq.* ("Mortgage Licensing Act"). 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 ("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. Integrated is currently licensed under the Mortgage Licensing Act as a Mortgage Lender, license no. 22165, with a Nationwide Mortgage Licensing System and Registry identification number of 110645.

4. Integrated maintains its principal place of business at 121 Friends Lane, Suite 301, Newtown, Pennsylvania 18940-1897.

5. In 2007, Integrated entered into a Consent Agreement and Order with the Department, docket number ENF-2006-07, in resolution of alleged violations of the Mortgage Bankers and Brokers and Consumer Equity Protection Act, the predecessor statute to the Mortgage Licensing Act, based on unlicensed branch activity.

6. In September 2010, Integrated entered into a second Consent Agreement and Order with the Department, docket number ENF-100210(ENF-CO), in resolution of alleged violations of the Mortgage Licensing Act, based on unlicensed loan origination and failure to supervise.

7. Beginning on December 28, 2010 the Bureau conducted an investigation leading it to conclude that Integrated had again originated mortgages from an unlicensed branch and through employees unlicensed as mortgage originators to perform such services.

Unlicensed Branch Locations

8. Based on its investigation, the Bureau alleges that Integrated, although providing office space for all its employees, allowed a single employee to originate seventeen mortgage loans from his home address, a location that was not licensed as a branch office.

9. Based on its investigation, the Bureau alleges that Integrated failed to identify, at the time it applied for a license through NMLS, the loan originator's home address as a location where Integrated would be conducting the mortgage loan business, nor did it correct the

information within ten days of when its employee began to originate loans from his home address.

10. The Mortgage Licensing Act defines a "branch" as "[a]n office or other place of business, other than the principal place of business, where a person engages in the mortgage loan business subject to this chapter." 7 Pa. C.S. § 6102.

11. The Mortgage Licensing Act requires a mortgage loan business applicant to disclose in their application for licensure all addresses where they will be conducting mortgage loan business. 7 Pa. C.S. § 6131(a)(1)(ii).

12. The Mortgage Licensing Act requires all applicants and licensees to provide the department with written notice of a change in any information contained in an application within ten days. 7 Pa.C.S. § 6131(b).

13. It is the conclusion of the Bureau that Integrated violated the Mortgage Licensing Act when it conducted the mortgage loan business from its employee's home, an unlicensed branch location.

14. The Bureau further concludes that Integrated violated its prior Consent Agreement and Order when it conducted business from an unlicensed branch location.

Unlicensed Loan Originator

15. The Bureau alleges that, subsequent to November 5, 2008, Integrated originated in Pennsylvania sixty-seven residential mortgage applications for properties in other jurisdictions through mortgage originators not licensed in Pennsylvania.

16. As of November 5, 2008, individuals acting as mortgage loan originators in Pennsylvania or for Pennsylvania properties were required to be licensed as mortgage originators pursuant to Section 6111(a) of the Mortgage Licensing Act.

17. Integrated is required to directly supervise, control and maintain responsibility for the acts and omissions of the mortgage originators it employs. 7 Pa. C.S. §§ 6121(13); 6131(f)(1).

18. The Bureau alleges that Integrated failed to directly supervise, control and maintain responsibility for the acts and omission of the mortgage originators it employed as required by the Mortgage Licensing Act.

19. It is the conclusion of the Bureau that Integrated violated the Mortgage Licensing Act when it originated mortgage loans through individuals unlicensed in Pennsylvania.

20. It is the conclusion of the Bureau that Integrated violated its Consent Agreement and Order of September 2010 to cease and desist from conducting the mortgage licensing business through unlicensed mortgage originators and from failing to properly control and supervise its employees in accordance with the requirements of the Mortgage Licensing Act.

21. Integrated has informed the Department that they have instituted internal control measures which will ensure that all locations from which they conduct the mortgage business will be licensed branches and all individuals originating mortgage loans in Pennsylvania for properties in any jurisdiction, will be licensed in Pennsylvania.

Authority of the Department

22. 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).

23. Section 6139 of the Mortgage Licensing Act provides that the Department may suspend, revoke or refuse to renew a license issued under the Mortgage Licensing Act if an owner has "failed to comply with or violated any provision of this chapter. . . ." and if "a

mortgage broker, mortgage lender or mortgage loan correspondent, conducted the mortgage loan business through an unlicensed mortgage originator.” 7 Pa. C.S. § 6139(a)(2) and (a)(14).

24. 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).

VIOLATIONS

25. It is the position of the Bureau that Integrated violated the Mortgage Licensing Act when it conducted the mortgage loan business through mortgage originators unlicensed in Pennsylvania after November 5, 2008; when it failed to properly control and supervise its employees; when it conducted the mortgage loan business out of an unlicensed location; and, when it failed to notify the Department of a change in information required to be reported on an application within ten days. 7 Pa. C.S. § 6111(a); 7 Pa. C.S. § 6131(f)(1); 7 Pa. C.S. § 6131(a)(1)(ii); and 7 Pa.C.S. § 6131(b).

RELIEF

26. Fine. Integrated agrees to pay a fine of \$50,000.00 which shall be due and payable to the Department in five installments of \$10,000.00 each starting on or before July 1, 2011 and ending on or before November 1, 2011. The fine payment shall be remitted by a company check, certified check or money order made payable to the Pennsylvania Department of Banking and sent to the attention of Licensing Division, Bureau of Compliance, Investigation and Licensing, 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

27. Integrated further agrees to waive its right to a due process hearing and serve an immediate suspension of not less than fifteen days in the event the Bureau determines, upon proper investigation and examination, that Integrated has originated mortgages through unlicensed originators, at an unlicensed branch, failed to properly supervise or control their employees by allowing unlicensed activity, or funding or closing loans in its own name without a mortgage lender's license in violation of this or its prior Consent Agreements and Orders.

28. Corrective Measures. Upon the effective date of this Order, as defined in paragraph 34 below, Integrated shall immediately cease and desist from:

- a. originating Pennsylvania residential mortgages through loan originators not properly licensed under the Mortgage Licensing Act, and
- b. originating loans from unlicensed locations.

FURTHER PROVISIONS

29. Consent. Integrated 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 herein. Integrated 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.

30. 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).

31. 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 Integrated.

32. Binding Nature. The Department, Integrated and all officers, owners, directors, employees, heirs and assigns of Integrated intend to be and are legally bound by the terms of this Order.

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

34. Effectiveness. Integrated hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order.

35. 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 Integrated in the future regarding all matters not resolved by this Order.

b. Integrated 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.

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

37. Counterparts. This Order may be executed in separate counterparts, by facsimile and by PDF.

38. 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 and Integrated 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**

Robert E. Knaub, Enforcement Administrator
Bureau of Compliance, Investigation and Licensing
Department of Banking

Date: 2/16/11

FOR INTEGRATED FINANCIAL GROUP, INC.

(Officer Signature)

(Print Officer Name)

PRESIDENT
(Title)

Date: 2-15-11