

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

FILED

2011 JAN 10 AM 10:30

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

Docket No. : 110005 PA DEPT OF BANKING
(ENT-ORD)

v.

LOAN WORKOUT CONSULTANTS, LLC

NOTICE OF RIGHT TO APPEAL AND HEARING

You, Loan Workout Consultants, LLC, have the right to appeal the attached Order within **10 days** of the date of service. *See* 1 Pa. Code § 35.20. The date of service is the date the Order is deposited in the mail or delivered to you in person, as the case may be, as set forth in 1 Pa. Code § 33.34. If you appeal the Order, you also have a right to a hearing.

To file an appeal and request a hearing on the Order, you must file a petition with the Secretary of Banking within 10 days of the date of service. 1 Pa. Code § 35.20. The petition must be in writing, state clearly and concisely your grounds of interest in the subject matter, the facts you rely upon, the law you rely upon, and the relief you seek. *See* 1 Pa. Code § 35.17. Please deliver your petition to:

Linnea Freeberg, Docket Clerk
Office of Executive Deputy Secretary
Pennsylvania Department of Banking
17 N. Second Street, Suite 1300
Harrisburg, PA 17101

The petition must be **received** by the Docket Clerk within the aforementioned 10 day deadline. If the Docket Clerk does not receive your petition on time, your right to a hearing will be waived and the Order will be deemed final.

If you choose to file a petition challenging the Order, please send an additional copy to:

Lauren Sassani, Assistant Counsel
Pennsylvania Department of Banking
17 N. Second Street, Suite 1300
Harrisburg, PA 17101

Once you file your petition appealing the Order and requesting a hearing, you will be notified of the hearing date, time, place, the person who will preside at your hearing, and any other pertinent information.

You have the right to be represented by an attorney. Corporations may be required to be represented by an attorney.

The hearing and all other procedural matters will be governed by the Pennsylvania Administrative Agency Law, 2 Pa. C.S. §§ 501-508, 701-704, and the General Rules of Administrative Practice and Procedure, 1 Pa. Code §§ 31.1.-35.251.

WHEREAS, the Consumer provided copies of a Loan Workout Consultants advertisement, a Borrower Authorization form, an Order Intake Sheet and an Invoice and Credit Card Authorization form. See Exhibits A and B; and

WHEREAS, by offering mortgage loan modification services to Pennsylvania consumers and contracting with the Consumer, Loan Workout Consultants has engaged in the "mortgage loan business" as defined in the Mortgage Licensing Act; and

WHEREAS, Loan Workout Consultants does not meet any of the exceptions to licensure in Sections 6111(b) and 6112 of the Mortgage Licensing Act. See 7 Pa. C.S. §§ 6111(b), 6112; and

WHEREAS, Loan Workout Consultants is not licensed to engage in the mortgage loan business in Pennsylvania; and

WHEREAS, the employees of Loan Workout Consultants that conduct the mortgage loan modification negotiations with third party lenders on behalf of consumers are not licensed as mortgage originators pursuant to the Mortgage Licensing Act and do not meet any exception to licensure. See 7 Pa. C.S. § 6102; and

WHEREAS, Loan Workout Consultants has violated the Mortgage Licensing Act by engaging in the mortgage loan business in Pennsylvania without a license; and

WHEREAS, only licensees that have an advance fee bond are permitted to collect advance fees. See 7 Pa. C.S. § 6131(e)(1); and

WHEREAS, Loan Workout Consultants as an unlicensed mortgage broker does not have a bond to collect advance fees; and

Mortgage Licensing Act

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, Section 6102 of the Mortgage Licensing Act defines an “advance fee” as “[a]ny funds requested by or to be paid to a person in advance of or during the processing of a mortgage loan application, excluding those fees paid by a consumer directly to a credit agency reporting bureau, title company or real estate appraiser.” 7 Pa. C.S. § 6102; 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, Section 6102 of the Mortgage Licensing Act defines a “mortgage originator” as:

- (1) An individual [that] takes a mortgage loan application or offers or negotiates terms of a mortgage loan for compensation or gain.
- (2) The term does not include any of the following:
 - (i) An individual engaged solely as a loan processor or underwriter consistent with section 6112(8) (relating to exceptions to licensing requirements).
 - (ii) A person or entity solely involved in extensions of credit relating to timeshare plans. . . .
- (3) Except as set forth in paragraph (4), the term does not include an employee of a licensee or person exempt or excepted from licensure under this chapter who *solely renegotiates terms for existing mortgage loans held or serviced by that licensee or person* and who does not otherwise act as a mortgage originator.
- (4)

7 Pa. C.S. § 6102 (emphasis added); and

WHEREAS, Section 6102 of the Mortgage Licensing Act defines a “first mortgage loan” as a loan which is “(1) made primarily for personal, family or household use; and (2) secured by any first lien mortgage, deed of trust, or equivalent consensual security interest on a dwelling or on residential real estate.” 7 Pa. C.S. § 6102; and

WHEREAS, Section 6102 of the Mortgage Licensing Act defines a “secondary mortgage loan” as “(1) made primarily for personal, family or household use; and (2) secured by any secondary lien mortgage, deed of trust, or equivalent consensual security interest on a dwelling or on residential real estate.” 7 Pa. C.S. § 6102; and

WHEREAS, Section 6102 of the Mortgage Licensing Act defines a “mortgage loan” as “[a] first or secondary mortgage loan, or both, as the context may require.” 7 Pa. C.S. § 6102; 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 6131(e)(1) of the Mortgage Licensing Act provides that mortgage broker license applicants must obtain and “maintain a bond in the amount of \$100,000, in a form acceptable to the department, prior to the issuance of the license, from a surety company authorized to do business in this Commonwealth. The bond shall be a penal bond conditioned on compliance with this chapter and subject to forfeiture by the department and shall run to the

Commonwealth for its use. The bond shall also be for the use of any person against the mortgage broker for failure to carry out the terms of any provision for which advance fees are paid. . . .” 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

AND NOW, THEREFORE, since Loan Workout Consultants has engaged in unlicensed activity, the Bureau, pursuant to its authority referenced above, hereby imposes the following Order:

1. Loan Origination. Upon the effective date of this Order, Loan Workout Consultants and any and all officers, members, managers, employees, independent contractors or agents of Loan Workout Consultants shall cease and desist from 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 Loan Workout Consultants and all mortgage originators as defined by the Mortgage Licensing Act are licensed by the Department pursuant to the Mortgage Licensing Act.

2. Fine. Upon the effective date of this Order, Loan Workout Consultants shall pay a \$1,000 fine for violating the Mortgage Licensing Act. The fine 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.

3. Pipeline Report. Upon the effective date of this Order, Loan Workout Consultants shall provide a list of consumers that Loan Workout Consultants has worked with in order to negotiate mortgage loan modifications (the "Pipeline Report"). The Pipeline Report shall include, but is not limited to:

- a. The names, addresses and phone numbers of Pennsylvania consumers that have responded to advertisements or that Loan Workout Consultants has as clients; and
- b. The amount of fees collected from the consumers; and
- c. The current rate, term and payment of the Pennsylvania consumers' loans; and
- d. The proposed rate, term and payment of the loans subsequent to the loan modification; and
- e. The current status and/or resolution of the loan modification.

The Pipeline Report shall be sent to John Talalai, Administrator, Compliance Division, at _____, by 5:00 PM eastern time on the effective date of this Order. The Pipeline Report shall be updated weekly, until the Bureau no longer requires updates.

4. Advertising. Upon the effective date of this Order, Loan Workout Consultants shall provide a list of any other websites or copies of any other advertising that Loan Workout

Consultants has utilized including, but not limited to, mail solicitations. The information shall be sent to John Talalai, Administrator, Compliance Division, at _____, by 5:00 PM eastern time on the effective date of this Order.

5. Contact Information. Upon the effective date of this Order, Loan Workout Consultants shall provide a list of all owners, officers and employees of Loan Workout Consultants. 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 _____, by 5:00 PM eastern time on the effective date of this Order.

6. Advance Fees. Upon the effective date of this Order Loan Workout Consultants shall refund all advance fees collected from a Pennsylvania consumer and shall cease and desist from collecting any future advance fees unless and until such time as Loan Workout Consultants obtains a bond to collect advance fees pursuant to the Mortgage Licensing Act. 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 on the effective date of this Order.

7. Waiver. Nothing in this Order shall prevent Loan Workout Consultants from seeking a waiver from the Department to allow Loan Workout Consultants to complete a loan modification for a Pennsylvania consumer that is listed on the Pipeline Report as Provided in Paragraph 3 in order to prevent further harm to the Pennsylvania consumer and for no other reason.

8. 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

finer pursuant to Section 6140(a) or (b) of the Mortgage Licensing Act or seeking restitution for consumers.

IT IS SO ORDERED.

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

1-10-2011

(Date)

EXHIBIT A



OUR SERVICES AND OUR GUARANTEE

We offer loan modification services between the borrower and the lender.

We offer personal financial processing services between the borrower and the lender. Utilizing our experience and knowledge of industry standards and accurate up to date information on Federal legislation and foreclosure law

Each Client situation is assessed on its own merits and a custom plan is created. Our 20 years of experience in the real estate mortgage industry and our knowledge of the Lender Negotiation Industry give us the information and strategies needed to employ all elements required to accomplish the objectives of our Clients. Our relationships with lenders enables us to obtain the optimum solutions for the borrower.

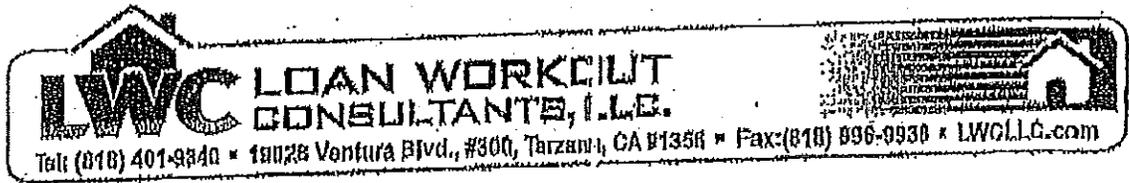
Homeowners are in a hard position and cannot Refinance, Sell because of property values or they can't make the existing mortgage payments.
Let us help you

We offer the following services:

- **Loan Modification** – Permanent change in loan terms.
- **Reinstatement** - Returning the loan from default to current status.
- **Repayment Plan** – Give time to bring loan current.
- **Loan Restructure** – Moves past due amounts to the end of the loan.
- **Short Sale Agreement** – Lender agrees to a sale for less than owed.
- **Deed in Lieu of Foreclosure** – Borrower gives title back to bank, which is less damaging to your credit.
- **Prolonging the Foreclosure Process** – "Buying time" to stop foreclosure.
- **Short Pay/Investor Lease Back** – Negotiating with Bank to accept a low offer price to cure foreclosure.

Loan Workout Consultants, LLC guarantees a successful outcome if the homeowner provides accurate information to us when attempting a loan workout or loan modification with your lender or servicer. We accept clients who can afford their home but not their existing loans. Let one of our professionals stand by you, as your case is presented to your lender and/or servicer.

EXHIBIT B



BORROWER AUTHORIZATION FORM

Borrower Name: Redacted

Co-borrower Name: Redacted

RE: Lender Redacted Loan # Redacted

I hereby authorize Loan Workout Consultants LLC to contact the above referenced lender regarding my existing mortgage loan for the purpose of negotiating a work-out agreement. I authorize the lender to verify my past and present employment earnings, records, bank accounts, stock holdings and any other asset balances that are needed to process this application. I further authorize the lender to order a consumer credit report (if necessary) and verify other credit information, including past and present mortgage references. It is also understood that a copy of this form will serve as authorization.

All information used by Loan Workout Consultants, LLC, will only be used in the processing of this application.

Borrower Redacted Signature Redacted SSN Redacted Date Redacted

Co-Borrower Redacted Signature Redacted SSN Redacted Date Redacted



LWC LOAN WORKOUT CONSULTANTS, I.L.C.
 Tel: 818-401-8340 • 18028 Ventura Blvd., #304, Tarzana, CA 91350 • Fax: (818) 006-8938 • LWOLL.C.com

ORDER INTAKE SHEET

INTERVIEW DATE: Redacted REP: Redacted
 CLIENT'S NAME: Redacted PROPERTY ADDRESS: Redacted
 PHONE NUMBERS: Redacted EMAIL: Redacted

KEY CLIENT QUESTIONS	YES	NO	MORT	AGREED	Redacted
Have you been late on a payment?	<input checked="" type="radio"/>	<input type="radio"/>	LOAN PAYMENT \$		
Do you want to keep the home?	<input checked="" type="radio"/>	<input type="radio"/>	LENDER'S NA BE FOR 1ST		BAL \$
Do you live at the property?	<input checked="" type="radio"/>	<input type="radio"/>	LENDER'S NA BE FOR 2ND		BAL \$
Has your credit been affected?	<input checked="" type="radio"/>	<input type="radio"/>	HOW MANY DAYS LATE? 1ST	<u>Redacted</u>	2ND <u>Redacted</u>
Is there anyone else on the loan?	<input checked="" type="radio"/>	<input type="radio"/>	LOAN INTEREST RATE? 1ST	<u>Redacted</u>	2ND <u>Redacted</u>
Is the home listed for sale?	<input type="radio"/>	<input checked="" type="radio"/>	LOAN ADJUSTING OR FIXED? 1ST		2ND

CLIENT'S EXPECTATIONS/DESIRES OUTCOME AND REMEDIES AVAILABLE

INCOME SOURCES: _____

GROSS MONTHLY HOUSEHOLD INCOME: \$ _____

JOB TITLE FOR BORROWER: Redacted

JOB TITLE FOR CO-BORROWER: Redacted

LIQUID ASSETS OR SAVINGS: YES NO IF YES HOW MUCH \$ _____

ARE YOU A W-2 WORKER OR (SELF-EMPLOYED) 1099 SCHEDULE C

LENDER COMMUNICATION Have you received any other documents from your lender aside from your monthly statement and have you submitted a hardship package or tried to speak with your lender without professional help?

CLIENT PAY	TOTAL FEE QUOTED TO CLIENT?	\$	CONFIRMED BY ACCOUNTING
1ST PAYMENT	PAYMENT DATE: _____	\$ _____	DATE IN: _____
2ND PAYMENT	PAYMENT DATE: _____	\$ _____	PAY IN: _____
OTHER	PAYMENT DATE: _____	\$ _____	DATE IN: _____
TOTAL		\$ _____	

CONFIRMED BY CLIENT: Redacted SIGNATURE DATE: Redacted

LWC LOAN WORKSHEET CONSULTANTS, L.L.C.
 Tel: (918) 401-9340 * 19020 Ventura Blvd., #300, Tarzana, CA 91356 * Fax: (918) 996-0930 * LWCLC.com

INVOICE & CREDIT CARD AUTHORIZATION

STEP 1 COUNSELOR INFO

INVOICE DATE: [] / [] / []
 AGENCY NAME: [Redacted]
 REP NAME: [Redacted] REP PHONE: [Redacted]

STEP 2 CLIENT INFO

PRIMARY BORROWER: [Redacted]
 CO-BORROWER: [Redacted]
 SUBJECT PROPERTY STREET ADDRESS: [Redacted]
 CITY: [Redacted] STATE: [Redacted] ZIP: [Redacted]
 PHONE: [Redacted] FAX: [Redacted] EMAIL: [Redacted]

STEP 3 PAYMENT PLAN

DESCRIPTION	TOTAL
Complete financial profile processing for self submission	
TOTAL	

STEP 4 PAYMENT INFO

VISA CREDIT CARD # [Redacted] EXP DATE [Redacted]
 NAME ON CARD [Redacted]
 BILLING ADDRESS [Redacted] [Redacted] SECURITY CODE [Redacted]
 DISCOVER CITY [Redacted] STATE [Redacted] ZIP [Redacted]
 CHECK CHECK # [Redacted]

STEP 4 SIGNATURE VERIFICATION

[Redacted] [Redacted] [Redacted]
 APPROVED BY PRINT NAME DATE

IF PAYING BY CHECK, FAX CHECK ASAP AND OVERTNIGHT ORIGINAL TO ADDRESS ABOVE

Our Merchant Partner will be displayed on your credit card bill. Process time can be up to 90 days. See Our Guarantee for details. I hereby confirm by signing this that we accept the terms of the Guarantee. Your fee quote is subject to review if any material misrepresentation is found when reviewing a client mortgage statement. This Agreement and its interpretation, performance and enforcement shall be governed by the laws of the State of California. Exclusive jurisdiction over any action or proceeding arising from or related to this Agreement shall vest in any state, or at federal court located within Los Angeles County, California, which by statute has subject matter jurisdiction. The prevailing party in any such action or proceeding shall not be entitled to recover its reasonable attorney's fees and costs. Once received, checks may be cashed within two (2) business days. All invoices are final.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

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LOAN WORKOUT CONSULTANTS, LLC

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

Loan Workout Consultants, LLC
19028 Ventura Blvd.
Suite 300
Tarzana, CA 91356
Fax: (818) 996-9938

Dated this 10th day of January, 2011.

Lauren A. Sassani
Assistant Counsel
Attorney I.D. # 203016
FOR: Commonwealth of Pennsylvania
Department of Banking
17 North Second Street, Suite 1300
Harrisburg, PA 17101
(717) 787-1471