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DEPARTMENT OF BANKING

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

v.

Docket No. 11 0151

(ENF-C)

PRINCETON FINANCIAL, LLC

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania acting through the Department of Banking, Bureau of Examinations has conducted an examination of Princeton Financial, LLC ("Princeton Financial") and its officers, employees and directors. Based on the results of its review, the Bureau of Compliance, Investigation and Licensing ("Bureau") has concluded that Princeton Financial violated the regulations enacted in furtherance of the Mortgage Licensing Act known as the Proper Conduct of Lending and Brokering in the Mortgage Loan Business, 10 Pa. Code § 46.1 et seq. ("Regulations"). The parties to the above captioned matter, in lieu of litigation, hereby stipulate that the following statements are true and correct in 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. Princeton Financial is a mortgage lender with its principal place of business located at 101 Commerce Boulevard 2<sup>nd</sup> Floor, Lawrence, Pennsylvania 15055.

4. Princeton Financial maintains a mortgage lender license with the Department, License No. 21218, Nationwide Mortgage Licensing System and Registry ("NMLSR") Identification No. 127923.

5. As a mortgage lender, Princeton Financial must "[m]aintain supervision and control of and responsibility for the acts and omissions of all mortgage originators employed by the licensee." *See* 7 Pa. C.S. § 6121(13); *see also* 7 Pa. C.S. § 6131(f)(1).

6. On October 25, 2010, the Bureau of Examinations commenced an examination of Princeton Financial.

7. During the examination, the examiner found that Princeton Financial violated the Regulations as set forth below.

#### VIOLATION

8. The examiner found that Princeton Financial did not provide the required consumer disclosure form to applicants because the original fully executed form was not present in several of the mortgage loan files originated from March 20, 2009 through 2010.

9. Further, the officer supervisor acknowledged that its mortgage originators were not providing the consumer disclosure form prescribed by the Department to applicants.

10. The Regulations provide that "a licensee who takes an application" shall "[o]n a form prescribed by the Department . . . disclose the following to the applicant:

- (1) If the lender providing the loan will escrow the applicable property taxes and hazard insurance.
- (2) If the licensee is a lender with the ability to directly lock-in a loan interest rate.
- (3) Whether the loan contains a variable interest rate or balloon payment feature.

- (4) Whether the loan includes a prepayment penalty.
- (5) Whether the loan has a negative amortization feature.

See 10 Pa. Code § 46.2(b).

11. The mortgage lender issuing the disclosure form “shall sign and date the disclosure form and deliver or place in the mail the disclosure form within 3 business days after the application is received or prepared by the licensee.” 10 Pa. Code § 46.2(c).

12. Further, the mortgage lender must require the applicant to sign and date the disclosure form “within 10 business days after delivery or mailing and *retain the original executed disclosure form in the applicant’s loan file.*” 10 Pa. Code § 46.2(e) (emphasis added).

13. By failing to provide the consumer disclosure form to applicants, Princeton Financial violated Section 46.2(b),(c),(e) of the Regulations.

#### AUTHORITY

14. The Department has the authority to issue orders as may be necessary for the proper conduct of the mortgage loan business and to enforce the Mortgage Licensing Act. 7 Pa. C.S. § 6138(a)(4).

15. The Department may fine a licensee or any “director, officer, owner, partner, employee or agent of a licensee” who violates the Mortgage Licensing Act or “commits any action which would subject the licensee to suspension, revocation or nonrenewal under section 6139” up to “\$10,000 for each offense.” 7 Pa. C.S. § 6140(b).

16. Failure to comply with the Department’s regulations could result in suspension, revocation or nonrenewal of a license. 7 Pa. C.S. § 6139(a)(2).

17. Thus, the Department may issue an order and impose a fine against a licensee that violates the Regulations.

## RELIEF

18. Fine. Within 30 days of the effective date of this Order (as defined in Paragraph 25) Princeton Financial shall pay the Department a fine in the amount of \$2,000. The fine shall be remitted by certified check or money order made payable to the "Department of Banking" and 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.

19. Corrective Action. Upon the effective date of this Order (as defined in Paragraph 25) Princeton Financial shall provide the signed and dated consumer disclosure forms to the applicants within 3 business days after the applicant is received by the licensee and shall require the applicant to complete the form within 10 business days after delivery or mailing as required by 10 Pa. Code § 46.2. Further, Princeton Financial shall retain the original executed disclosure form in the applicant's loan file.

Princeton Financial shall ensure that its mortgage originators' unique identifiers are prominently displayed on all mortgage loan application forms and personal solicitations and advertisements including business cards as required by 7 Pa. C.S. § 6121(14).

## FURTHER PROVISIONS

20. Consent. Princeton Financial 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. Princeton Financial, 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.

21. 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).

22. 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 Princeton Financial.

23. Binding Nature. The Department and Princeton Financial, and its officers, employees, and directors intend to be and are legally bound by the terms of this Order.

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

25. Effectiveness. Princeton Financial hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order.

26. 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 Princeton Financial, in the future, regarding all matters not resolved by this Order.

b. Princeton Financial 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.

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

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

29. 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 Commonwealth of Pennsylvania, Department of Banking, Bureau of Compliance, Investigation and Licensing and Princeton Financial, LLC, 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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Jol \_\_\_\_\_ trator  
Bureau of Compliance, Investigation and Licensing  
Department of Banking

Date: 9-13-2011

FOR \_\_\_\_\_, LLC

\_\_\_\_\_  
(Officer Signature)

AA  
(Print Officer Name)

EXECUTIVE VP  
(Title)

Date: 9/2/2011