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COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING AND SECURITIES

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BANKING AND LICENSING

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

v.

TERRACE MORTGAGE COMPANY

Docket No.: 13 0078 (BNK-CAO)

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Bureau of Compliance and Licensing ("Bureau") has determined that Terrace Mortgage Company ("Terrace Mortgage") operated in violation of the Mortgage Licensing Act, 7 Pa. C.S. § 6101 *et seq.* ("MLA"). 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, 7 Pa. C.S. § 6101 *et seq.*
2. The Bureau of Compliance and Licensing ("Bureau") is primarily responsible for administering and enforcing the Mortgage Licensing Act for the Department.
3. Terrace Mortgage is located at 900 Ashwood Parkway, Suite 130, Atlanta, Georgia 30338.

4. Terrace Mortgage maintains a mortgage license with the Department as a Mortgage Lender, License Number 35336, Nationwide Mortgage Licensing System and Registry ("NMLS") Identification Number 7101.

5. Terrace Mortgage reported a capital or net worth position of negative \$1,765,652 as of September 30, 2013.

6. Section 6131(c)(3) of the Mortgage Licensing Act, 7 Pa. C.S. § 6131(c)(3), requires a mortgage lender to maintain a minimum net worth of at least \$250,000.

7. By having a net worth of negative \$1,765,652, Terrace Mortgage is in violation of Section 6131(c)(3) of the Mortgage Licensing Act.

8. Pursuant to section 6138(a)(4) of the Mortgage Licensing Act, the Department has the authority to issue orders for enforcement including "the authority to suspend any license issued pursuant to the Mortgage Licensing Act if a licensee has failed to comply with or violated any provision of the Mortgage Licensing Act." 7 Pa. C.S. § 6139(a)(2).

#### RELIEF

9. License Suspension. Upon the effective date of this order as defined in paragraph 21 below, Terrence Mortgage's mortgage lender license number 35336 shall be suspended. The license shall remain suspended until Terrence Mortgage provides proof that it has cured its capital deficiency.

10. In the event Terrence Mortgage has failed to cure its capital deficiency on or before June 6, 2014, Terrence Mortgage agrees to surrender its license and acknowledges that it will not be entitled to a hearing regarding this requirement having waived any such rights.

11. Upon the effective date of the order, Terrence Mortgage shall not, in any way, engage in the mortgage loan business in this Commonwealth, as defined in the Mortgage

Licensing Act, including, but not limited to, advertising in any manner, meeting with new Pennsylvania consumers or accepting new Pennsylvania mortgage loan applications during suspension except as permitted by paragraph 13 and 14.

12. Terrace Mortgage shall remove Pennsylvania from its website listing of states in which it operates.

13. Terrace Mortgage shall be permitted to complete loans in process from consumers that submitted loan applications to Terrace Mortgage, prior to the effective date of this order, for the sole purpose of avoiding harm to consumers.

14. Consistent with paragraph 13, Terrace Mortgage shall provide to the Bureau a report of loans currently being processed ("Pipeline Report") in the following categories:

- a. loans that have closed, but have not yet funded;
- b. loans that have been approved, but that have not closed; and
- c. applications that have been received, but for which no decision has been made regarding approval of the applications.

The Pipeline Report shall include the following information:

- (i) the name, address and telephone number of the applicant or borrower;
- (ii) the status of the loan; and
- (iii) the purpose of the loan (i.e. purchase or refinance).

The Pipeline Report shall be sent James Keiser at \_\_\_\_\_ by electronic mail. The loans listed on the Pipeline Report are the only loans Terrace Mortgage may process to prevent harm to consumers.

15. Renewal. The Department will process any renewal application subject to this suspension and renewal will not invalidate the suspension.

#### FURTHER PROVISIONS

16. Consent. Terrace Mortgage hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau's order authority under the

MLA and agrees that it understands all of the terms and conditions contained therein. Terrace Mortgage, 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.

17. Publication. The Department will publish this Order pursuant to its authority in Section 302.A(5) of the Department of Banking and Securities Code. See 71 P.S. § 733-302.A(5).

18. 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 Terrace Mortgage.

19. Binding Nature. The Department and Terrace Mortgage intend to be and are legally bound by the terms of this Order.

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

21. Effectiveness. Terrace Mortgage hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order.

22. 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 Terrace Mortgage, in the future regarding all matters not resolved by this Order.
- b. Terrace Mortgage 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.

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

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

25. 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 and Securities, Bureau of Compliance and Licensing and Terrace Mortgage, intending to be legally bound, do hereby execute this Consent Agreement and Order.

James Keiser, Administrator  
Department of Banking and Securities,  
Bureau of Compliance and Licensing

Dated: December 19, 2013

**FQR TERRACE MORTGAGE**

(Officer Signature)

CHAIRMAN

(Title)

12-18-2013

Date: