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COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING AND SECURITIES

PA DEPARTMENT OF  
BANKING AND SECURITIES

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COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING AND  
SECURITIES, COMPLIANCE OFFICE

v.

Docket No. 15 CC35 (BNK-CAO)

FIDELITY DIRECT MORTGAGE, LLC

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CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Compliance Office received information regarding the business practices of Fidelity Direct Mortgage, LLC ("Fidelity Direct"), and its officers, employees and directors. Based on this information, the Compliance Office concludes that Fidelity Direct 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 MLA.
2. The Compliance Office is primarily responsible for administering and enforcing the MLA for the Department.
3. Fidelity Direct is located at 555 Quince Orchard, Suite 411, Gaithersburg, MD 20878.

4. Fidelity Direct became a licensed mortgage loan correspondent effective August 20, 2014, License No. 47654, NMLS No. 188829.

5. On October 18, 2014, the Department issued a Deputy Secretary's letter to all mortgage loan correspondent licensees outlining the activities in which a mortgage loan correspondent may and may not engage.

6. As a licensed mortgage loan correspondent, Fidelity Direct was sent a copy of the Deputy Secretary's letter.

7. In July of 2015, Fidelity Direct contacted the Department inquiring as to whether it was properly licensed to close and fund loans.

8. The Department learned that between February 27, 2015 and June 30, 2015, Fidelity Direct closed and funded five mortgage loans in its own name from a warehouse line of credit.

9. Fidelity Direct subsequently sold and assigned the loans to an investor.

#### Violations

10. Pursuant to the MLA, a loan correspondent is a "person who engages in the mortgage loan business by directly or indirectly originating and closing mortgage loans in his or her own name utilizing funds provided by a wholesale table funders or other funding sources under the circumstances described under section 6123(6) (relating to mortgage loan business prohibitions) and simultaneously assigning the mortgage loans to the wholesale table funder." 7 Pa.C.S. § 6102.

11. Section 6123(6) of the MLA states that a "licensee engaging in the mortgage loan business shall not . . . [i]n the case of a mortgage loan correspondent, service mortgage loans or

close mortgage loans utilizing funding other than a wholesale table funder, except in an emergency circumstance where wholesale table funding is not available." 7 Pa.C.S. § 6123(6).

12. The MLA prohibits a person from operating as a mortgage lender unless properly licensed by the Department. 7 Pa.C.S. § 6111.

13. By closing and funding loans in its own name and not simultaneously assigning the loans to a warehouse table funder, Fidelity Direct acted as a mortgage lender.

14. Fidelity Direct violated the MLA by acting as a mortgage lender without a mortgage lender license and by engaging in activities outside the scope of its mortgage loan correspondent license.

#### Authority of the Department

15. The Department is authorized to issue orders as may be necessary for, *inter alia*, the proper conduct of the mortgage loan business by licensees and the enforcement of the MLA. 7 Pa.C.S. § 6138(a)(4).

16. "A person licensed under [the MLA] or director, officer, owner, partner employee, mortgage originator or agent of a licensee who violates a provision of [the MLA] or who commits any action which would subject the licensee to suspensions, revocation or nonrenewal . . . may be fine by the department up to \$10,000 for each offence." 7 Pa.C.S. § 6140(b).

#### **RELIEF**

17. Fine. Within 30 days of the Effective Date of this Order, as defined below, Fidelity Direct agrees to pay the Department a fine of \$2,500. The fine payment shall be remitted by certified check or money order made payable to the "Department of Banking and Securities" and sent to the attention of: Department of Banking and Securities, Compliance Office, 17 N. 2nd Street, Suite 1300, Harrisburg, PA 17101-2290.

## FURTHER PROVISIONS

18. Consent. Fidelity Direct hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Compliance Office's order authority under the CCC and agrees that it understands all of the terms and conditions contained herein. Fidelity Direct, 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.

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

20. 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 Compliance Office and Fidelity Direct.

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

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

23. Effectiveness. Fidelity Direct hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes this Order ("Effective Date").

24. 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 Fidelity Direct in the future regarding all matters not resolved by this Order.

b. Fidelity Direct 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.

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

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

27. 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 of Banking and Securities, Compliance Office and Fidelity Direct Mortgage, LLC intending to be legally bound do hereby execute this Consent Agreement and Order.

FOR THE COMMONWEALTH OF  
PENNSYLVANIA, DEPARTMENT OF  
BANKING AND SECURITIES,  
COMPLIANCE OFFICE

FOR FIDELITY DIRECT MORTGAGE,  
LLC

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Redacted

James Keiser, Administrator  
Compliance Office  
Department of Banking and Securities

(Officer Signature)

Date: October 29, 2015

Nabeel Haider  
(Print Officer Name)

Vice President  
(Title)

10/28/2015  
(Date)