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COMMONWEALTH OF PENNSYLVANIA 2008 AUG 20 PM 1:14  
DEPARTMENT OF BANKING

PA DEPT OF BANKING

COMMONWEALTH OF PENNSYLVANIA :  
 DEPARTMENT OF BANKING, BUREAU OF :  
 COMPLIANCE, INVESTIGATION AND :  
 LICENSING : Docket No. 08 0216 (ENF-CO)  
 :  
 v. :  
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 BANKERS FIRST MORTGAGE, INC. :  
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**CONSENT AGREEMENT AND ORDER**

The Commonwealth of Pennsylvania, acting through the Department of Banking ("Department"), Bureau of Examinations, has conducted an examination of Bankers First Mortgage, Inc. ("Bankers First"). Based on the results of the examination, the Bureau of Compliance, Investigation and Licensing ("Bureau") believes that Bankers First is in violation of the Secondary Mortgage Loan Act ("SMLA"), 7 P.S. § 6601 *et. seq.* 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 SMLA.
2. The Bureau is primarily responsible for administering and enforcing the SMLA for the Department.
3. Bankers First was licensed as a First Mortgage Banker under the Mortgage Bankers and Brokers and Consumer Equity Protection Act, License No. 1571 and as a Secondary

Mortgage Lender under the SMLA, License No. 1872, with a principal place of business located at HC1 Box 2400, Route 611, Tannersville, PA 18372-9027 ("Principal Place").

4. Effective July 1, 2008, Bankers First cancelled First Mortgage Banker license no. 1571 and Secondary Mortgage Lender license no. 1872 and became licensed as a First Mortgage Broker, license no. 19759 and as a secondary mortgage broker, license no. 19760.

5. On November 6, 2007, an examiner from the Department initiated an examination of Bankers First at the Principal Place.

Overcharge of Secondary Mortgage Application Fees

5. The Examination revealed six (6) instances in which Bankers First, while licensed as a Secondary Mortgage Lender, charged consumers an application fee in excess of the 3% allowed under the SMLA.

6. Section 9(a)(8) of the SMLA provides, in relevant part, that all secondary mortgage loan licensees shall have the power and authority "[t]o charge and collect an application fee not exceeding 3% of the original principal amount of the loan. The fee shall be fully earned at the time the loan is made and may be added to the principal amount of the loan." 7 P.S. § 6609(a)(8).

7. Section 11(2) of the SMLA provides, in relevant part, that a secondary mortgage loan licensee shall not "[c]harge, contract for, collect or receive charges, fees, premiums, commissions or other considerations in excess of those authorized by the provisions of this act." 7 P.S. § 6611(2).

## FINE AUTHORITY

8. Section 22(b) of the SMLA provides that "a corporation licensed under the provisions of this act or any director, officer, employee or agent who shall violate any provision of this act . . . shall be subject to a fine of \$2,000 for the first offense, and for each subsequent offense a like fine. . . ." 7 P.S. § 6622(b).

## VIOLATIONS

9. Bankers First is in violation of the following sections of the SMLA:
- a. Section 9(a)(8) by charging consumers an application fee in excess of the 3% allowed by the SMLA;
  - b. Section 11(2) by charging or receiving fees in excess of those authorized by the Act.

## RELIEF

10. Fine. Within thirty (30) days of the Effective Date of this Order, Bankers First shall pay a fine in the amount of \$3,000. The fine shall be remitted by a certified check or money order made payable to the Department of Banking and directed to the attention of Non-Depository Institutions, Bureau of Compliance, Investigation and Licensing located at 17 North Second Street, Suite 1300, Harrisburg, PA 17101.

11. Corrective Measures

- a. Bankers First shall cease and desist from charging consumers an amount in excess of the 3% allowed by the SMLA.

## FURTHER PROVISIONS

12. Consent. Bankers First hereby knowingly; willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau's order authority under the MBBCEPA and the SMLA and agrees that it understands all of the terms and conditions contained herein. Bankers First 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.

13. Publication and Release. Bankers First consents to the publication and release of this Order.

14. 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 Bankers First.

15. Binding Nature. The Bureau, Bankers First, and all officers, owners, directors, employees, heirs and assigns of Bankers First intend to be and are legally bound by the terms of this Order.

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

17. Effectiveness. Bankers First hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order ("Effective Date").

18. 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 Bankers First in the future regarding all matters not resolved by this Order.

b. Bankers First 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.

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

20. Counterparts. This Order may be executed in separate counterparts.

21. 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 Bureau and Bankers First 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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Ryan Walsh, Administrator  
Bureau of Compliance, Investigation and Licensing  
Department of Banking

Date: August 20, 2008

**FOR BANKERS FIRST MORTGAGE, INC.**

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(Officer Signature)

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

President  
(Title)

Date: 8/18/08