

3. MortgageIT is licensed as a Secondary Mortgage Lender, license no. 14581 (the "License"), under the SMLA and as a Partially Exempt entity, license no. 17632, under the Mortgage Bankers and Brokers and Consumer Equity Protection Act ("MBBCEPA"), 63 § P.S. §456.101 et seq., with its principal place of business at 640 Freedom Business Center Drive, King of Prussia, PA 19406 (the "Principal Place").

4. Between December 13, 2007, and December 21, 2007, an examiner from the Department conducted an examination of MortgageIT at its Principal Place (the "Examination").

Excessive and Unauthorized Secondary Mortgage Application Fees

5. The Examination revealed that MortgageIT collected a "discount fee" in excess of the allowable 3% application fee on one (1) HUD – 1 Settlement Statement.

6. The examination revealed three (3) instances in which MortgageIT mislabeled the "application fee" as a "discount fee" on HUD – 1 Settlement Statements.

7. Section 9(a)(8) of the SMLA provides, in relevant part, that secondary mortgage lenders have the power, "[t]o charge and collect an application fee not exceeding three percent (3%) of the original principal amount of the loan." 7 P.S. § 6609(a)(8).

8. 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).

9. Section 11(6) of the SMLA provides, in relevant part, that secondary mortgage lenders shall not "[r]equire a borrower to pay, to the licensee or any other person, a broker's fee, finder's fee, commission, premium or any other charges for obtaining, procuring or placing of a secondary mortgage loan, except as provided by this act." 7 P.S. § 6611(6).

Secondary Mortgage Note Headings

10. The Examination also revealed that MortgageIT did not have the verbiage “Secondary Mortgage Loan” and “This agreement is subject to the Secondary Mortgage Loan Act” printed on three (3) promissory notes.

11. Section 13 of the SMLA provides, in relevant part, that “[a]ny loan agreement or promissory note evidencing a secondary mortgage loan shall be identified by the use of the words ‘Secondary Mortgage Loan’ printed at the top of the loan agreement or promissory note and the statement ‘This agreement is subject to the provisions of the Secondary Mortgage Loan Act.’” 7 P.S. § 6613.

Authority of the Department

12. Section 16(1) of the SMLA grants the Department the authority to issue orders as may be necessary to enforce the SMLA. 7 P.S. § 6616(1).

13. Section 22(b) of the SMLA provides, in relevant part, 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 or shall direct or consent to such violations, shall be subject to a fine of \$2,000 for the first offense, and for each subsequent offense a like fine and/or suspension of the license.” 7 P.S. § 6622(b).

VIOLATIONS

14. MortgageIT 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% allowable by the SMLA;

b. Section 11(2) by charging or receiving fees in excess of those authorized by the Act;

c. Section 11(6) by charging a discount fee instead of an application fee which is not authorized by the Act; and

d. Section 13 by not having the verbiage "Secondary Mortgage Loan" and "This agreement is subject to the provisions of the Secondary Mortgage Loan Act" printed on three (3) promissory notes.

RELIEF

15. Fine. Within thirty (30) days of the Effective Date of this Order, MortgageIT shall pay to the Department a fine in the amount of \$2,000.

16. Corrective Action. MortgageIT shall cease and desist from:

a. Fees: charging excessive fees in excess of the 3% allowed under the SMLA or any other unauthorized fees.

b. Headings: executing secondary mortgage loan agreements and/or promissory notes without the verbiage "Secondary Mortgage Loan" and "This agreement is subject to the provisions of the Secondary Mortgage Loan Act."

FURTHER PROVISIONS

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

18. Publication and Release. MortgageIT consents to the publication and release of this Order.

19. 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 MortgageIT.

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

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

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

23. 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 MortgageIT in the future regarding all matters not resolved by this Order.

b. MortgageIT 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.

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

25. Counterparts. This Order may be executed in separate counterparts and by facsimile.

