

3. Pacific Reverse Mortgage is licensed as a First Mortgage Banker, License No. 14892, with its principal place of business located at 420 Station Road, Ste 4, Quakertown, Pennsylvania, 18951-6300 ("Principal Place").

4. Pacific Reverse Mortgage also maintains a First Mortgage Banker branch license for the corporate office located at 9275 Sky Park Court, Ste 125, San Diego, CA 92123 ("Corporate Office").

5. The Corporate Office became licensed effective July 19, 2007.

6. On October 4, 2007, an examiner from the Department initiated an examination of Pacific Reverse Mortgage at the Principal Place.

7. The examiner found that Pacific Reverse Mortgage's loan officers originated and closed seventeen (17) first mortgage loans involving Pennsylvania property from unlicensed locations; the loans were closed from the unlicensed locations between June 2006 and August 2007.

8. The loan officers, each of which were W-2 employees, were originating and/or closing loans from eleven (11) unlicensed locations in state and out of state, even though the 1099 forms indicate the address of the Principal Place in Quakertown, Pennsylvania.

9. The eleven locations from which the loan officers engaged in the business included the following: Tucson, Arizona; Bethlehem, Pennsylvania; Creek, Pennsylvania; Pittston, Pennsylvania; Hershey, Pennsylvania; Sturgeon, Pennsylvania; Marlton, New Jersey; St. Marys, Pennsylvania; Monroeville, Pennsylvania; Erie, Pennsylvania; and Glenolden, Pennsylvania.

10. Pacific Reverse Mortgage neither admits nor denies the Department's allegations, findings or conclusions.

11. The MBBCEPA provides that any office where first mortgage loan business is conducted must be licensed by the Department, including branch offices.

12. Specifically, the MBBCEPA defines “Branch” as “[a]n office or other place of business located in this Commonwealth or any other state, other than the principal place of business, where a person engages in the first mortgage loan business which falls under the scope of this chapter.” 63 P.S. §456.302.

13. “A person is deemed to be engaged in the first mortgage loan business in this Commonwealth if that person. . . solicits, negotiates or arranges in the ordinary course of business, offers to make or makes more than two first mortgage loans in a calendar year in this Commonwealth, whether directly or by any person acting for this benefit. 63 P.S. §456.302.

14. Prior to engaging in the first mortgage loan business in the Commonwealth, a person, which includes a corporation, must be licensed by the Department. 63 P.S. §456.303(a).

15. When applying for a license to do first mortgage loan business with the Department, an applicant must include in its application “the address or addresses where business is to be conducted.” 63 P.S. §456.304(a).

16. At the time an application is filed, a “mortgage banker. . . shall pay to the department . . . an initial license fee for the principal place of business and *an additional license fee for each branch office. . .*” 63 P.S. §456.305(a) (emphasis added).

17. In addition, when renewing a license, “a licensee shall pay a license renewal fee for the principal place of business and *an additional license renewal for each branch office . . .*” *Id.* (emphasis added).

18. Once licensed, a licensee shall . . . “[c]onspicuously display its license at each licensed place of business.” 63 P.S. §456.308(a)(1).

19. Here, Pacific Reverse Mortgage, through its employees, originated and closed seventeen first mortgage loans from eleven locations that were not licensed to do business in Pennsylvania and, therefore, the Department concludes that they violated the MBBCEPA.

20. During the examination, the Examiner requested access to all files for the loans originated in Pennsylvania during the past two years.

21. The Examiner was advised by the Manager of the Principal Place that all the files were maintained at the company's Corporate Office located in San Diego, California.

22. Section 308(a)(2) of the MBBCEPA provides that,

[a] licensee shall . . . [m]aintain, at its principal place of business within this Commonwealth, or at such place within or outside this Commonwealth if agreed to by the Secretary of Banking or the commission, either the original or a copy of such books, accounts, records and documents, or electronic or similar access thereto, of the business conducted under the license as may be prescribed by the department or commission to enable them to determine whether the business of the licensee is being conducted in accordance with the provisions of this chapter and the orders, rules and regulations issued under this chapter. The department, at its determination, shall have free access to and authorization to examine the records maintained outside of this Commonwealth

63 P.S. §456.308(a)(2) (emphasis added).

23. Prior to the conclusion of the examination, Pacific Reverse Mortgage returned all records involving Pennsylvania transactions to the Principal Place located in Quakertown, Pennsylvania.

24. Prior to the examination, Pacific Reverse Mortgage did not obtain authorization from the Department to maintain the records at any location other than the Principal Place in Quakertown, Pennsylvania.

25. It is the Department's position that Pacific Reverse Mortgage violated the MBBCEPA by not having the records of loans originated in Pennsylvania available at the Principal Place for the Examiner's review upon request.

26. Section 314(c) of the MBBCEPA provides that,

[a]ny person licensed under the provisions of this chapter or any director, officer, employee or agent of a licensee who shall violate the provisions of this chapter or shall direct or consent to such violations shall be subject to a fine levied by the department of up to \$2,000 for each offense.

63 P.S. §456.314(c).

VIOLATIONS

27. It is the Department's position that Pacific Reverse Mortgage violated the MBBCEPA by originating and closing first mortgage loans involving Pennsylvania property from unlicensed branch locations.

28. The Department acknowledges that Pacific Reverse Mortgage, of its own volition and prior to the examination, ceased originating and closing loans from unlicensed branch locations. The Department has no evidence demonstrating that Pacific Reverse Mortgage originated loans from unlicensed branch locations subsequent to the examination.

29. It is the Department's position that Pacific Reverse Mortgage violated Section 308(a)(2) of the MBBCEPA by maintaining records of first mortgage loan business conducted in Pennsylvania at a location other than its Principal Place in Quakertown, Pennsylvania when it had not received authorization from the Department to maintain the records elsewhere.

30. The Department acknowledges that, since the examination, Pacific Reverse Mortgage has undertaken the appropriate corrective measures to comply with Section 308(a)(2) by submitting a formal request to maintain records at a location other than the Principal Place.

RELIEF

31. To resolve the violations addressed in this Order and, in lieu of litigation, Pacific Reverse Mortgage agrees to pay a fine to the Department in the amount of \$8,000 within thirty (30) days of the Effective Date of this Order. The fine shall be remitted by check or money order and be made payable to the "Department of Banking" and forwarded to the following: Department of Banking, Bureau of Compliance, Investigation and Licensing, 17 North Second Street, Suite 1300, Harrisburg, PA 17101.

32. *Pacific Reverse Mortgage agrees to ensure that it will abide by the terms of the MBBCEPA as long as it engages in the first mortgage business in Pennsylvania.*

FURTHER PROVISIONS

33. Consent. Pacific Reverse Mortgage hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau's order authority under the MBBCEPA and agrees that it understands all of the terms and conditions contained therein. Pacific Reverse 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.

34. Publication and Release. Pacific Reverse Mortgage consents to the publication and release of this Order.

35. 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 Pacific Reverse Mortgage.

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

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

38. Effectiveness. Pacific Reverse Mortgage hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order ("Effective Date").

39. 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 Pacific Reverse Mortgage in the future regarding all matters not resolved by this Order.

b. Pacific Reverse 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.

40. Final Resolution. The Department acknowledges and agrees that this Order resolves all matters arising from the October 4, 2007 examination of Pacific Reverse Mortgage.

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

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

43. 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 Pacific Reverse Mortgage 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**

Ryan M. Walsh, Administrator
Bureau of Compliance, Investigation and Licensing
Department of Banking

Date: August 11, 2008

FOR PACIFIC REVERSE MORTGAGE, INC.

(Officer Signature)

John Myers

(Print Officer Name)

CEO

(Title)

Date: 08/08/08