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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

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COMMONWEALTH OF PENNSYLVANIA	:	PA DEPT OF BANKING
DEPARTMENT OF BANKING, BUREAU	:	Docket No.: 080197 (ENF - CO)
OF COMPLIANCE, INVESTIGATION	:	
AND LICENSING	:	
	:	
	:	
v.	:	
	:	
PROFOLIO HOME MORTGAGE CORP.	:	

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking, (the "Department"), Bureau of Examinations, has conducted an examination of Profolio Home Mortgage Corp. ("Profolio"), and its officers, employees and directors. Based on the results of the examination, the Bureau of Compliance, Investigation and Licensing (the "Bureau") believes that Profolio operated in violation of the Mortgage Bankers and Brokers & Consumer Equity Protection Act (the "MBBCEPA"), 63 P.S. § 456.101 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 (the "Order").

BACKGROUND

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the MBBCEPA and the Secondary Mortgage Loan Act (the "SMLA"), 7 P.S. § 6601 et seq.

2. The Bureau is primarily responsible for administering and enforcing the MBBCEPA and SMLA for the Department.

3. Profolio was licensed as a First Mortgage Broker, license no. 10995, and as a Secondary Mortgage Broker, license no. 14668, and had its principal place of business at 870 East St., Waterford, PA 16441 (the "Former Principal Place").

4. Profolio is currently licensed as a First Mortgage Banker, license no. 18487, and as a Secondary Mortgage Lender, license no. 18488, and has its principal place of business in Pennsylvania located at 637 High St., Suite 2, Waterford, PA 18441 and a licensed branch location in Houston, TX.

5. On January 22, 2007, Profolio entered into a consent agreement and order (the "2007 Order") with the Department for closing first mortgage loans in its own name in violation of Section 309(a)(5) of the MBBCEPA. 63 P.S. § 456.309(a)(5).

6. On July 2, 2007, a second examination of Profolio commenced at Profolio's Former Principal Place (the "Examination").

7. At all times relevant to this Order, Profolio was licensed as a first and secondary mortgage broker as provided in Paragraph 3.

8. During the Examination, it was discovered that Profolio closed four (4) first mortgage loans in its own name using its warehouse line of credit.

9. By continuing to close first mortgage loans in its own name Profolio is in violation of the 2007 Order with the Department.

10. Section 309(a)(5) of the MBBCEPA provides, in relevant part that a licensee shall not "[i]n the case of a mortgage broker or limited mortgage broker, commit to close or close loans in its own name. . ." 63 P.S. § 456.309(a)(5).

11. Section 313(a)(2) authorizes the Department to suspend, revoke or refuse to renew any license if a licensee, “[f]ailed to comply with or violated any provision of this chapter or any rule, regulation or order promulgated by the department pursuant to this chapter.” 63 P.S. § 456.313(a)(2).

12. Section 314(c) of the MBBCEPA provides, in relevant part, 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

13. By continuing to close loans in its own name, Profolio is in violation of Section 309(a)(5) of the MBBCEPA.

14. Profolio is in violation of the 2007 Order by continuing to close loans in its own name.

RELIEF

15. Fine. Within thirty (30) days of the Effective Date of this Order, Profolio shall pay to the Department a fine in the amount of \$10,000.

FURTHER PROVISIONS

16. Consent. Profolio 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 herein. Profolio, 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 and Release. Profolio hereby consents to the publication and release of this Order.

18. Entire Agreement. This Order constitutes the whole and entire 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 Profolio.

19. Binding Nature. The Bureau, Profolio, and all officers, owners, directors, employees, heirs and assigns of Profolio 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 legal advice from legal counsel.

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

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

b. Profolio 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 via facsimile.

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 Bureau and Profolio 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: July 21, 2008

FOR PROFOLIO HOME FINANCE CORP.

(Officer Signature) _____

(Print Officer Name)

President
(Title)

Date: 7/22/08