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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

PA DEPT OF BANKING

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING, BUREAU
OF COMPLIANCE, INVESTIGATION
AND LICENSING

DOCKET No. 08 0085 (CO)

v.

UNIVERSAL AMERICAN MORTGAGE
COMPANY, LLC

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking, (the "Department"), Bureau of Examinations, has conducted an examination into the business practices of Universal American Mortgage Company, LLC ("Universal American"), and its officers, employees and directors. Based on the results of the examination, the Bureau of Compliance, Investigation and Licensing (the "Bureau") alleges that Universal American closed subordinate lien loans secured by residential real property located in Pennsylvania in its own name while licensed as a Secondary Mortgage Loan Broker. 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 Mortgage Bankers and Brokers &

Consumer Equity Protection Act (the "MBBCEPA"), 63 P.S. § 456.101 et seq., 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. Universal American is currently licensed as a First Mortgage Banker, license no. 11733, and as a Secondary Mortgage Lender, license no. 18523, with its principal place of business in Pennsylvania located at 7878 Player Blvd., Seven Valleys, PA 17360 (the "Principal Place").

4. Universal American also maintains licensed branch locations in Clearwater, FL, Forrest Hill, MD and Columbia, MD.

5. Universal American was previously licensed as a Secondary Mortgage Broker, license no. 12169, until September 4, 2007, at which time Universal American became licensed as a Secondary Mortgage Lender.

6. On May 16, 2007, an examiner from the Department conducted an examination at Universal American's Principal Place (the "Examination").

7. The Department alleges that Universal American was closing secondary mortgage loans in its own name prior to becoming licensed as a Secondary Mortgage Lender.

8. Specifically, the Department alleges that Universal American closed eight (8) secondary mortgage loans in its own name while licensed as a secondary mortgage broker.

9. Universal American neither admits nor denies the Department's allegations.

10. Prior to the Examination, Universal American established a corporation, Universal American Mortgage Company of Pennsylvania, Inc., so that such entity could obtain

First Mortgage Banker and Secondary Mortgage Lender licenses to close secondary mortgage loans in its own name.

11. Until a recent change to the Department's interpretation of the SMLA, institutions other than corporations were not permitted to hold a secondary mortgage lender license.

12. Universal American Mortgage Company of Pennsylvania, Inc. obtained its First Mortgage Banker and Secondary Mortgage Lender licenses prior to the Examination and maintained those licenses on and after that date.

13. Universal American Mortgage Company of Pennsylvania, Inc. was properly licensed to close the eight (8) secondary mortgage loans identified in this Order.

14. Universal American alleges that but for clerical errors on the part of low level Universal American personnel each of the eight (8) secondary mortgage loans would have closed in the name of Universal American Mortgage Company of Pennsylvania, Inc.

15. Section 2 of the SMLA provides the definition of a secondary mortgage loan broker as "[a] person who in the ordinary course of business, for a fee, directly or indirectly negotiates or arranges *for others* a secondary mortgage loan." 7-P.S. § 6602 (emphasis added).

16. Thus, under this definition, a secondary mortgage broker is not authorized to close loans in its own name.

17. As a result of the change in the Department's interpretation of the SMLA, Universal American obtained and is currently licensed as a Secondary Mortgage Lender, license no. 18523, and is authorized to close secondary mortgage loans in its own name.

18. Subsequent to Universal American's licensure as a Secondary Mortgage Lender, Universal American Mortgage Company of Pennsylvania, Inc. surrendered its licenses.

19. 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 license." 7 P.S. § 6622(b).

VIOLATION

20. The Department alleges that Universal American is in violation of Section 2 of the SMLA by closing secondary mortgage loans in its own name while licensed as a broker.

RELIEF

21. Fine. Within thirty (30) days of the Effective Date of this Order, Universal American shall pay to the Department a fine in the amount of \$5,000.

FURTHER PROVISIONS

22. Consent. Universal American 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. Universal American, 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.

23. Publication and Release. Universal American consents to the publication and release of this Order.

24. 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 Universal American.

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

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

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

28. 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 Universal American in the future regarding all matters not resolved by this Order.

b. Universal American 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.

c. The Department acknowledges and agrees that this Order resolves all matters arising from its May 16, 2007, examination of Universal American.

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

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

31. 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 Universal American 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
Department of Banking
Bureau of Compliance,
Investigation and Licensing

Date: May 29, 2008

FOR UNIVERSAL AMERICAN MORTGAGE COMPANY, LLC

(Officer Signature)

(Print Officer Name)

R. V. P.
(Title)

Date: 5/23/08