COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking (the "Department"), Bureau of Examinations, conducted an examination of Allied Home Mortgage Capital Corp. (hereinafter "Allied Home") and its officers, employees and directors. Based on the results of the examination, the Bureau of Compliance, Investigation and Licensing (the "Bureau") believes that Allied Home violated 7 Pa. C.S. § 6101 et seq. (the "Mortgage Act"). 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 Act.

2. The Bureau is primarily responsible for administering and enforcing the Mortgage Act for the Department.

3. The Mortgage Act is the successor statute to Chapter 3 of the Mortgage Bankers and Brokers and Consumer Equity Protection Act (the "MBBCEPA"), 63 P.S. § 456.301 et seq.,
and the Secondary Mortgage Loan Act (the "SMLA"), 7 P.S. § 6601 et. seq. On November 5, 2008, Chapter 3 of the MBBCEPA and SMLA were repealed by operation of law and replaced by the Mortgage Act.

4. Allied Home was formerly licensed as a First Mortgage Banker, license no. 1281, pursuant to the MBBCEPA and as a Secondary Mortgage Lender, license no. 0418, pursuant to the SMLA.

5. Allied Home is currently licensed as a Mortgage Lender, license no. 21211, pursuant to the newly enacted Mortgage Act.

6. Allied Home's principal place of business is located at 118 N. Richard St., Ste 100, Bedford, PA 15522-1325 ("Principal Place").

7. In 2004, the Department granted Allied Home approval to maintain its records at a location other than the Principal Place, that is, at its corporate office located at 6110 Pinemont Drive, Suite 215, Houston, TX 77092-3216 ("Corporate Office").

8. On January 11, 2008, examiners from the Department conducted an examination of the Corporate Office.

Unlicensed Activity

9. The examiners noted approximately eight loans that were originated by loan originators working from unlicensed locations out of state, including North Carolina, Oregon and Florida, but the mortgage loan applications showed the loans as being originated from licensed locations in Pennsylvania and Maryland.

10. The Bureau ascertained that the loan originators' addresses listed on the mortgage loan applications were incorrect by comparing those addresses with the loan originators' home addresses and telephone numbers.
11. The loan originators' home addresses were determined by reviewing the loan originators' residence information as disclosed on their W-2 income tax forms.

12. The mortgage loan applications showed the loans as being originated from a Pennsylvania and Maryland licensed locations to give the appearance that Allied was in compliance with the provisions of the Mortgage Act (formerly the MBBCEPA and the SMLA) when, in fact, Allied was violating this Act.

13. Section 6111(a) of the Mortgage Act (corresponding to Section 303(a) of the MBBCEPA and Section 3(a)(1) of the SMLA) provides that "no person shall engage in the mortgage loan business in this Commonwealth without being licensed as a mortgage broker, mortgage lender, mortgage loan correspondent or mortgage loan originator as provided under this chapter." See 7 Pa. C.S. § 6111(a).

14. To become licensed to engage in the mortgage loan business in this Commonwealth, a person must file an application for a license with the Department. See Section 6131(a) of the Mortgage Act, 7 Pa. C.S. § 6131(a) (corresponding to Section 304(a) of the MBBCEPA and Section 4(a) of the SMLA).

15. The application for a license must include the address or addresses where the mortgage loan business is to be conducted, including any branch offices. See Section 6131(a) of the Mortgage Act, 7 Pa. C.S. § 6131(a) (corresponding to Section 304(a) of the MBBCEPA and Section 4(a)(5) of the SMLA).

16. Section 6102 of the Mortgage Act (corresponding to Section 302 of the MBBCEPA) defines a branch office as "[a]n office or other place of business, other than the principal place of business, located in this Commonwealth or any other state, where a person engages in the mortgage loan business subject to this chapter." See 7 Pa. C.S. § 6102.
17. Section 6132(b) of the Mortgage Act (corresponding to Section 305(a) of the MBBCEPA and Section 5 of the SMLA) provides that the licensee must have the branch locations' licenses renewed annually and pay the requisite renewal fees. See 7 Pa. C.S. § 6132(b).

18. Once a branch location is licensed by the Department, the licensee must conspicuously display its license at each licensed place of business. See Section 6135(a)(1) of the Mortgage Act, 7 Pa. C.S. § 6135(a)(1) (corresponding to Section 308(a)(1) of the MBBCEPA and Section 10(a)(1) of the SMLA).

19. By permitting the mortgage loan originators to originate mortgage loan business from unlicensed out of state locations, it is the Department's position that Allied Home violated the Mortgage Act (formerly the MBBCEPA and the SMLA).

20. It is Allied Home's position that their records do not show an employee as living in one state and working in another; therefore, Allied Home denies the violations, but consents to this agreement without admission of wrongdoing, as a compromise of disputed claims.

Authority of the Department

21. Section 6138(a)(4) of the Mortgage Act (corresponding to Section 310(a) of the MBBCEPA and Section 16(1) of the SMLA) provides that the Department has broad authority to issue orders for the enforcement of the Mortgage Act. See 7 Pa. C.S. § 6138(a)(4).

22. Section 6140(b) of the Mortgage Act (corresponding to Section 314(c) of the MBBCEPA and Section 22(b) of the SMLA) provides, in relevant part, that "[a] person licensed under this chapter or director, officer, owner, partner, employee or agent of a licensee who violates a provision of this chapter or who commits any action which would subject the licensee
to suspension, revocation or nonrenewal under section 6139 may be fined by the department up to $10,000 for each offense. See 7 Pa C.S. § 6140(b).

VIOLATIONS

23. Allied Home Lending violated Sections 6131(a)(1)(ii) and 6132(b)(2) of the Mortgage Act by originating loans from unlicensed branch locations. See 7 Pa. C.S. §§ 6131(a)(1)(ii), 6132(b)(2) (corresponding to Sections 304(a) and 305(a) of the MBBCEPA and Sections 4(a)(5) and 5 of the SMLA).

RELIEF

24. Fine. Within thirty (30) days of the Effective Date of this Order, Allied Home shall pay to the Department a fine in the amount of $8,000. Allied Home shall send a certified check or money order made payable to the “Department of Banking” and direct the payment to the attention of the following: Department of Banking, Bureau of Compliance, Investigation and Licensing, 17 North Second Street, Suite 1300, Harrisburg, PA 17101.

25. Corrective Action. Allied Home shall cease and desist from accepting mortgage loan applications from unlicensed locations.

FURTHER PROVISIONS

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

27. Publication. The Department will publish this Order pursuant to its authority in Section 302.A.(5) of the Department of Banking Code. 71 P.S. § 733-302.A.(5).
28. **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 Allied Home.

29. **Binding Nature.** The Department, Allied Home, and all officers, owners, directors, employees, heirs and assigns of Allied Home intend to be and are legally bound by the terms of this Order.

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

31. **Effectiveness.** Allied Home hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order ("Effective Date").

32. **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 Allied Home in the future regarding all matters not resolved by this Order.
   b. Allied Home 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.

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

34. **Counterparts.** This Order may be executed in separate counterparts.

35. **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
Department and Allied Home 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

John Hatala, Administrator
Bureau of Compliance, Investigation and Licensing
Department of Banking

Date: June 16, 2009

FOR ALLIED HOME MORTGAGE CAPITAL CORPORATION

(Officer Signature)
F. Anthony Musgrave
General Counsel
and Executive Vice President

(Print Officer Name)

(Title)

Date: June 10, 2009