

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 were repealed by operation of law and replaced by the Mortgage Act.

4) CFS Home Loans, Inc. is a Pennsylvania domestic business corporation, formerly licensed as CFS Home Loans, Inc. a First Mortgage Broker, license no. 3793 pursuant to the MBBCEPA, and a Secondary Mortgage Broker, license no. 1404 pursuant to the SMLA.

5) On or before November 5, 2008, CFS registered with the National Mortgage Licensing System ("NMLS") as required to continue its license to originate and broker mortgages on a conditional basis by operation of law pursuant to the recently enacted Mortgage Act.

6) CFS maintains a principal place of business in Pennsylvania located at 2425 Sidney Street, Pittsburgh, PA 15203-2116.

7) William J. Bosack and Michael Joseph Annichine are the each fifty percent shareholders of CFS.

8) At all relevant and material times, Michael Joseph Annichine was the President of CFS.

9) Talbert Investments, LLC ("Talbert") is an agent of Community First Bank, FSB, responsible for establishing and managing the branch loan origination business of Community First Bank through a Processing, Underwriting and Sales Assistance Agreement.

10) Talbert establishes branch offices on behalf of Community First Bank by entering into Branch Manager Employment Agreements with individual persons identified as the "Manager."

11) Talbert actively solicits state licensed entities to become a branch of a Community First Bank through its website www.talbertmanagement.com where it expressly promotes the ability to lend in all 48 states through the internet without any state licensing.

12) The Talbert website identifies itself as part of a team with Community First Bank.

13) Community First Bank is a federal savings association having its principal office at 3725 Old Court Road, Pikesville, Maryland 21208.

14) Community First Bank is subject to the supervision of the Office of Thrift Supervision of the U.S. Department of Treasury.

15) Community First Bank also has a website, www.cfbloanservices.com, which states that its primary business objective is to originate mortgage loans through branch offices utilizing a web based end-to-end paperless system.

16) Community First Bank's website provides a link to Talbert's website.

17) On February 11, 2008, the Bureau conducted an examination of Department licensees CFS at the 2425 Sidney Street, Pittsburgh, PA 15203-2116 address.

18) Between June 18, 2008 and January 16, 2009, the Bureau engaged in negotiations with CFS resulting in a Consent Agreement and Order.

19) On January 16, 2009, Michael Joseph Annichine, President, executed the Consent Agreement and Order on behalf of CFS.

20) The January 16, 2009 Consent Agreement and Order legally binds CFS and its officers, owners, directors, employees and heirs and assigns to its terms and conditions.

21) The penalties and relief agreed to by CFS in the January 16, 2009 Consent Agreement and Order included:

- a. Suspension of the mortgage licenses of CFS from February 1, 2009 until March 2, 2009 ("Suspension Period), which included the cessation of all advertising, soliciting, negotiating, arranging or any other conduct "whatsoever" that constitutes engaging in the first mortgage loan business.
- b. A fine of \$15,000 in ten installments, with the first installment of the fine due thirty (30) days from the effective date of the Order, which was February 20, 2009.
- c. The establishment by CFS of an internal control plan to be submitted to the Department the purpose of which was to detect, review and mitigate fraudulent activity, including:
 - i. Hiring a third party vendor's services or equivalent software services devised for the early detection and mitigation of inaccurate mortgage loan information,
 - ii. Training employees and managers, and
 - iii. Background checks for hiring new employees.
- d. The hiring of an accounting firm approved by the Department to conduct an independent review of their internal control policies and procedures.
- e. All loan originators complete six (6) hours of continuing education.

22) On January 20, 2009, the Consent Agreement and Order was executed by the Bureau.

23) On February 19, 2009, the Department's Bureau of Non-Depository Examinations conducted a compliance examination of CFS at 2425 Sidney Street, Pittsburgh, Pennsylvania to determine if CFS was complying with the January 16, 2009 Consent Agreement and Order.

24) The Department's examiner found that the mortgage loan business was ongoing at the location during CFS's suspension period.

25) The Department's examiner obtained copies of sixteen of sixty-nine mortgage loan files for business transacted during CFS's suspension period, each of which identified Community First Bank as the employer of the interviewer.

26) The Department's examiner met with both William J. Bosack and Michael Joseph Annichine, owners of CFS who explained that in order to survive in the mortgage business they made arrangements with a federally chartered bank.

27) The examiner learned during this compliance examination that on November 12, 2008, William J. Bosack had entered into a Branch Manager Employment Agreement with Talbert Investments, LLC to be a branch manager and employee of Community First Bank with its branch office to be located at 2425 Sidney Street, Pittsburgh, PA 15203.

28) The examiner learned during this compliance examination that on December 1, 2008, former employees of CFS, namely, Melissa Arnoldy, Johnna L. Weber, Jason Baky, Frank, Rozyczka, Richard Pabis, John A. Mazza, Michael L. Madden, Christina M. Sekely, Jason Livengood, Daniel R. Glass, Jason, Gentile, and Marco Dinunno each executed a Loan Officer Agreement to be an employee to originate mortgages exclusively for Community First Bank.

29) The examiner learned during this compliance examination that on December 17, 2008, former employee of CFS, Gerald R. Seelinger, executed a Loan Officer Agreement as an employee to originate mortgages exclusively for Community First Bank.

30) The examiner learned during this compliance examination that on February 10, 2009, Brian Watkins, Dawn M. Gallagher, and Sigifredo Loya, executed a Loan Officer Agreement to be employees to originate mortgages exclusively for Community First Bank.

31) William J. Bosack witnessed the signatures of the Loan Officer employees on each of the aforementioned Loan Officer Agreements.

32) CFS entered into the January 16, 2009 Consent Agreement and Order with the Department without disclosing to the Department that William J. Bosack, its owner, and all of the loan officers had already contracted with Talbert Investment, LLC and Community First Bank to be exclusive employees of Community First Bank and to manage a branch office for Community First Bank at CFS's principle place of business.

33) The examiner observed during the compliance examination that CFS continued to display the license issued by the Department of Banking to CFS in a visible place on the wall at its principle place of business.

34) The examiner observed during the compliance examination that a business sign outside the premises continued to identify the business within as CFS.

35) The compliance examination revealed that CFS's website continued to be a means of obtaining home loan applications during the suspension period.

36) The compliance examination revealed that CFS continued to inform the public on its website that it is licensed by the Pennsylvania Department of Banking.

37) The compliance examination revealed that CFS did not notify the Department that a new business was being operated at its principle place of business.

38) The compliance examination revealed that CFS did not make any installment payments due and owing on its fine as required by the January 16, 2009 Consent Agreement and Order.

AUTHORITY OF THE DEPARTMENT

39) Section 6138(a)(4) of the Mortgage Act (corresponding to Section 310(a) of the MBBCEPA) provides the Department with authority to issue orders as may be necessary for the enforcement of the Mortgage Act. 7 Pa.C.S. § 6138(a)(4).

40) Section 6139(a)(10) of the Mortgage Act (corresponding to Section 313(a)(14) of the MBBCEPA) authorizes the Department to suspend, revoke or refuse to renew a license issued under the Mortgage Act) if the licensee has “[d]emonstrated negligence or incompetence in performing any act for which the licensee is required to hold a license under this chapter.” 7 Pa.C.S. § 6139(a)(10).

41) Section 6140(b) of the Mortgage Act (corresponding to Section 314(c) of the MBBCEPA) authorizes the Department to issue a fine against a licensee who “violates a provision of this chapter or who commits any action which would subject the licensee to suspension, revocation or non-renewal under section 6139 [of the Mortgage Act]. . . .” 7 Pa.C.S. § 6140(b).

RELIEF

42) Revocation of Mortgage Broker License. CFS agrees to the revocation of the mortgage broker license issued by the Department of Banking effective immediately upon the

execution of this Order. This license revocation does not impact any individual loan originator or mortgage broker licenses held by the owners, officers or employees of CFS.

43) Fines. CFS agrees to pay the entirety of the \$15,000 fine, or any part remaining on that fine, simultaneously with the execution of this Order.

FURTHER PROVISIONS

44) Consent. CFS hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Department's order authority under the Mortgage Act and agrees that it understands all of the terms and conditions contained herein. CFS, by voluntarily entering into this Order, waives any right to a hearing or appeal concerning the terms, conditions or penalties set forth in this Order.

45) 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).

46) 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 CFS.

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

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

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

50) Other Enforcement Action.

a) The Department reserves all of its rights, duties, and authority to enforce all statutes, policy statements, rules and regulations under its jurisdiction against CFS and MMS in the future regarding all matters not resolved by this order.

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

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

e) 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 CFS 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

~~Brian Crossland~~
Chief of Compliance
Bureau of Compliance, Investigation and Licensing
Department of Banking

Date: 9/18/09

FOR CFS HOME LOANS, INC.

Michael Joseph Annichine, President

Michael J. Annichine
(Print Name)

Date: 9-19-09

William J. Bosack, Secretary

WILLIAM J. BOSACK
(Print Name)

Date: 9-19-09