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2009 NOV 30 PM 1:14

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

PA DEPT OF BANKING

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

v.

FLAGSHIP MORTGAGE CORPORATION
D/B/A GOFLAGSHIPMORTGAGE.COM.

Docket No.: 09 0227 (ENF-CO)

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, Department of Banking (the "Department"), Bureau of Examinations, conducted an examination of Flagship Mortgage Corporation d/b/a goflagshipmortgage.com ("Flagship Mortgage"), and its officers, employees and directors. Based on the results of the examination, the Bureau of Compliance, Investigation and Licensing (the "Bureau") believes that Flagship Mortgage operated in violation of the Mortgage Licensing Act, 7 Pa. C.S. § 6101 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 Mortgage Licensing Act.
2. The Bureau is primarily responsible for administering and enforcing the Mortgage Licensing Act for the Department.

3. The Mortgage Licensing 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 On November 5, 2008, Chapter 3 of the MBBCEPA and the SMLA were repealed by operation of law and replaced by the Mortgage Licensing Act.

4. Flagship Mortgage was formerly licensed as a First Mortgage Banker, license no. 11541, pursuant to the MBBCEPA and as a Secondary Mortgage Lender, license no. 11542, pursuant to the SMLA.

5. Flagship Mortgage was granted a conditional license pursuant to the Mortgage Licensing Act on November 5, 2008, and is currently licensed as a Mortgage Lender, license no. 21366.

6. Flagship Mortgage's main office is located at 100 Old Wilson Bridge Road, Suite 207, Worthington, OH 43085 and has various licensed branch offices, including licensed offices in Pittsburgh and Bethlehem, PA.

7. A prior review into the advertising practices of Robert Taylor Courtney led to the discovery and subsequent examination (the "Examination") of the unlicensed branch location of Flagship Mortgage at 156 Clay Pike, Suite C, North Huntingdon, PA (the "Clay Pike Location").

Unlicensed Location

8. The Examination revealed that Flagship Mortgage originated fourteen (14) first mortgage loans (the "Loans") involving Pennsylvania real property from the Clay Pike Location.

9. Specifically, the Uniform Residential Loan Applications (1003s) for the Loans identified an employee and phone number for the Clay Pike Location.

10. The examiner searched the Department of Banking's records and it was discovered that no licensed mortgage companies were located at the Clay Pike Location.

11. The Mortgage Licensing Act defines a "branch" as "[a]n office or other place of business, other than the principal place of business, where a person engages in the mortgage loan business subject to this chapter." 7 Pa. C.S. § 6102.

12. The Mortgage Licensing Act defines the "mortgage loan business" as "[t]he business of advertising, causing to be advertised, soliciting, negotiating or arranging in the ordinary course of business or offering to make or making mortgage loans." 7 Pa. C.S. § 6102.

13. Section 6132(b)(2) of the Mortgage Licensing Act provides that a licensee must pay a renewal fee for each branch office. 7 Pa. C.S. § 6132(b)(2).

14. Thus, based on the foregoing, any office of a licensee where mortgage loan business is conducted under the Mortgage Licensing Act must be licensed as a branch pursuant to the Mortgage Licensing Act.

15. Subsequent to the Examination, Flagship Mortgage submitted a branch application for the Clay Pike Location which was approved on September 16, 2009.

Authority of the Department

16. Section 6138(a)(4) of the Mortgage Licensing Act grants the Department broad authority to issue orders for the enforcement of the Mortgage Licensing Act. 7 Pa. C.S. § 6138(a)(4).

17. Section 6140(b) of the Mortgage Licensing Act 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." 7 Pa. C.S. § 6140(b).

VIOLATION

18. Flagship Mortgage violated Sections 6131(a)(1)(ii) and 6132(b)(2) of the Mortgage Licensing Act by originating first mortgage loans involving Pennsylvania property from an unlicensed location.

RELIEF

19. Fine. Within thirty (30) days of the Effective Date of this Order, Flagship Mortgage shall pay to the Department a fine of six thousand dollars (\$6,000). The fine payment shall be remitted by a company check, certified check or money order made payable to the Department of Banking and payment shall be directed to: Department of Banking, Bureau of Compliance, Investigation and Licensing, 17 North Second Street, Suite 1300, Harrisburg, PA 17101.

20. Corrective Measures. Upon the Effective Date of this Order, Flagship Mortgage shall cease and desist originating loans from unlicensed locations.

FURTHER PROVISIONS

21. Consent. Flagship Mortgage hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau's order authority under the Mortgage Licensing Act and agrees that it understands all of the terms and conditions contained herein. Flagship 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.

22. 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).

23. 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 Flagship Mortgage.

24. Binding Nature. The Department, Flagship Mortgage, and all officers, owners, directors, employees, heirs and assigns of Flagship Mortgage intend to be and are legally bound by the terms of this Order.

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

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

27. 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 Flagship Mortgage in the future regarding all matters not resolved by this Order.

b. Flagship 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.

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

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

30. 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 Flagship 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, INVESTIGATIONS AND LICENSING

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

Date: November 30 2009

FOR FLAGSHIP MORTGAGE CORPORATION

(Officer Signature)

(Print Officer Name)

President
(Title)

Date: 11/25/09