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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.: 09 0209 (ENF-CO)

v.

NATIONWIDE EQUITIES CORPORATION :

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking ("Department"), Bureau of Examinations, has conducted an examination of Nationwide Equities Corporation ("Nationwide Equities") and its officers, employees and directors. Based on the results of the examination, the Bureau of Compliance, Investigation and Licensing ("Bureau") believes that Nationwide Equities operated in violation of the Mortgage Licensing Act, 7 Pa. C.S. § 6101 et. seq. ("MLA"). 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 ("Order").

BACKGROUND

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the MLA.
2. The Bureau is primarily responsible for administering and enforcing the MLA for the Department.

3. On November 5, 2008, the Act known as the Mortgage Act replaced Chapter 3 of the Mortgage Bankers and Brokers and Consumer Equity Protection Act, 63 P.S. § 456.301, *et seq.* and the Secondary Mortgage Loan Act, 7 P.S. § 6601, *et seq.* On August 5, 2009, the Mortgage Act was amended by the MLA, which was effective immediately.

4. Nationwide Equities was licensed as First Mortgage Banker, license no. 18432, pursuant to the MBBCEPA and as a Secondary Mortgage Lender, license no. 18431, pursuant to the SMLA.

5. Nationwide Equities was granted a conditional license pursuant to the Mortgage Act on November 5, 2008.

6. Nationwide Equities is currently licensed as a Mortgage Lender, license no. 22104, pursuant to the MLA.

7. Nationwide Equities' principal place of business at the time of the examination was located at 1135 Stefko Blvd. Bethlehem, PA 18017-7030 ("Former Principal Place").

8. Nationwide Equities maintains a branch license at its corporate headquarters located at 1 International Blvd, Ste 1202, Mahwah, NJ 07495-0027 ("Corporate Office").

9. Subsequent to the examination, Nationwide Equities relocated the Former Principal Place to a location in Treviso, PA.

10. On September 23, 2008, an examiner from the Department initiated an examination of Nationwide Equities at the Former Principal Place.

11. At the time of the Examination, the Former Principal Place and the Corporate Office were the only licensed locations of Nationwide Equities.

Unlicensed Activity

12. The Examination revealed that in 2007 and 2008, Loan Officers were originating residential first mortgage loans involving Pennsylvania real property from various locations in New York and New Jersey.

13. The loan originators were working out of various locations in New York and New Jersey which were not licensed in Pennsylvania, including, but not limited to, Lynnbrook, New York, Schenectady, New York, Newburgh, New York, Bayonne, New Jersey, Valley Stream, New York and Cherry Hill, New Jersey ("Unlicensed Locations").

14. The 1003s for the transactions reflected that the loan originators were working from the Corporate Location although they were actually originating the first mortgage loans from the Unlicensed Locations.

15. Nationwide Equities contends that the applications were originated at locations convenient to borrowers, such as the borrower's home or place of business rather than from Unlicensed Locations.

16. Section 6151(1)(iii) of the MLA applies to, *inter alia*, "[a]ny mortgage loan which is . . . notwithstanding the place of execution, secured by real property located in this Commonwealth." See 7 Pa. C.S. § 6151(1)(iii) (emphasis added) (corresponding to Section 318 (1)(iii) of the MBBCEPA, 63 P.S. § 456.318(1)(iii), and Section 20(a)(3) of the SMLA, 7 P.S. § 6620(a)(3)).

17. The MLA 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." See 7 Pa. C.S. § 6102 (emphasis added) (corresponding to Section 302 of the MBBCEPA, 63 P.S. § 456.302).

18. To engage in the mortgage loan business in the Commonwealth, a person must be licensed as a mortgage broker, mortgage lender, mortgage loan correspondent or mortgage originator as set forth in the MLA. See 7 Pa. C.S. § 6111(a) (corresponding to Section 303(a) of the MBBCEPA, 63 P.S. § 456.303(a), and Section 3(a)(1) of the SMLA, 7 P.S. § 6603(a)(1)).

19. To obtain a license, an applicant must file an application with the Department.

20. Section 6131(a)(1)(ii) of the MLA provides, in relevant part, that an application for licensure shall include "the address or addresses where the applicant's mortgage loan business is to be conducted." 7 Pa. C.S. § 6131(a)(1)(ii) (emphasis added) (corresponding to Section 304(a) of the MBBCEPA, 63 P.S. § 456.304(a), and Section 4(a)(5) of the SMLA, 7 P.S. § 6604(a)(5)).

21. In addition to disclosing the location of where the mortgage loan business will be conducted, once licensed by the Department, a licensee must pay a renewal fee for each branch office. See 7 Pa. C.S. § 6132(b)(1) (corresponding to Section 305(a) of the MBBCEPA, 63 P.S. § 456.305(a), and Section 5 of the SMLA, 7 P.S. § 6605)).

22. Based on the foregoing, the location where a licensee conducts mortgage loan business must be licensed as a branch office pursuant to the MLA.

23. The Department alleges that, by permitting its loan originators to originate loans from various Unlicensed Locations, Nationwide Equities violated the MLA.

Authority of the Department

24. Section 6138(a)(4) of the MLA (corresponding to Section 310(a) of the MBBCEPA and Section 16(1) of the SMLA) provides the Department with authority to issue orders as may be necessary for the proper conduct of the mortgage loan business and the

enforcement of the MLA. See 7 Pa. C.S. § 6138(a)(4) (corresponding to 63 P.S. § 456.310(a) and 7 P.S. § 6616(1)).

25. Section 6140(b) of the MLA (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) (corresponding to 63 P.S. § 456.314(c) and 7 P.S. § 6622(b)).

VIOLATION

26. Nationwide Equities violated Sections 6111(a), 6131(a)(1)(ii) and 6132(b)(1) of the MLA (corresponding to Sections 303(a), 304(a) and 305(a) of the MBBCEPA and Sections 3(a)(1), 4(a)(5) and 5 of the SMLA) by allowing mortgage loan originators to originate residential first mortgage loans, involving Pennsylvania real property, from various Unlicensed Locations.

RELIEF

27. Fine. Nationwide Equities agrees to pay the Department a fine in the amount of \$10,000 payable in four payments of \$2,500. The first payment shall be due and payable within 30 days of the Effective Date of this Order and additional payments shall be due every 30 days thereafter until paid in full. Payments shall be remitted by certified checks or money orders made payable to the Department of Banking, and will be sent to the Attention of the Non-Depository Institutions, Bureau of Compliance, Investigation and Licensing, 17 North Second Street, Suite 1300, Harrisburg, PA 17101.

28. Corrective Measures. Upon the Effective Date of this Order, Nationwide Equities agrees to comply with all licensing requirements of the MLA, including, but not limited to, having its licensed mortgage originators work from a licensed office or a licensed branch office.

FURTHER PROVISIONS

29. Consent. Nationwide Equities hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau's order authority under the MLA and agrees that it understands all of the terms and conditions contained therein. Nationwide Equities, 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.

30. 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).

31. 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 Nationwide Equities.

32. Binding Nature. The Department and Nationwide Equities intend to be and are legally bound by the terms of this Order.

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

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

35. 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 Nationwide Equities in the future regarding all matters not resolved by this Order.

b. Nationwide Equities 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.

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

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

38. 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.

TOTAL P.09

WHEREFORE, in consideration of the foregoing, including the recital paragraphs, the Department and Nationwide Equities, 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

Kyan M. Walsh, ADMINISTRATOR
Bureau of Compliance,
Investigation and Licensing
Department of Banking

Date: October 20, 2009

FOR NATIONWIDE EQUITIES CORPORATION

(Officer Signature) _____

(Print Officer Name) _____

President
(Title)

Date: 10/20/09