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COMMONWEALTH OF PENNSYLVANIA 2009 FEB 26 AM 10: 53  
DEPARTMENT OF BANKING

PA DEPT OF BANKING

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

Docket No. 08-090036 (ENF-CO)

v. :

TRANSWORLD MORTGAGE SERVICES :  
CORP. :

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking (the "Department"), Bureau of Examinations, has conducted an examination of TransWorld Mortgage Services Corp. ("TransWorld") and its officers, employees and directors. Based on the results of the examination, the Bureau of Compliance, Investigation and Licensing (the "Bureau") believes that TransWorld is in violation of 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 On November 5, 2008, Chapter 3 of the MBBCEPA and the SMLA were repealed by operation of law and replaced by the Mortgage Act.

4. TransWorld was formerly licensed as a First Mortgage Broker, license no. 10739, pursuant to the MBBCEPA and as a Secondary Mortgage Broker, license no. 10740, pursuant to the SMLA.

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

6. On November 29, 2007 and December 4, 2007, an examiner from the Department conducted an examination of the principal place of business which was located at 5 Great Valley Pkwy, Ste 258, Malvern, PA 19355 (the "Examination").

7. Since the Examination, TransWorld has relocated its principal place of business to 373 High Gate Dr., Ambler, PA 19002-1563.

#### Unlicensed Loan Officers

8. During the Examination, the Examiner reviewed a total of 28 mortgage loan files that TransWorld had accepted from loan officers.

9. The Examiner ascertained that TransWorld had accepted eight mortgage loans involving Pennsylvania property, closed by three different loan officers (the "Loan Officers") not licensed to conduct mortgage loan business in Pennsylvania.

10. TransWorld, through its President Joan J. Rogers, admitted that the company retained several Loan Officers to broker and close mortgage loans in Pennsylvania and paid them as 1099 independent contractors for their services.

11. Because the Loan Officers were paid as 1099 independent contractors, they were not W-2 employees of TransWorld.

12. Section 6111(a) of the Mortgage Act (corresponding to Section 303(a) of the MBBCEPA and Section 3(a)(1) of the SMLA) provides, in relevant part, 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 mortgagee originator as provided under this chapter. . . .” 7 Pa. C.S. § 6111(a) (corresponding to 63 P.S. § 456.303(a) and 7 P.S. § 6603(a)(1)).

13. Section 6136(a)(1) of the Mortgage Act (corresponding to Section 309(a)(1) of the MBBCEPA and Section 11(1) of the SMLA) provides, in relevant part, that “[a] licensee cannot transact any business under this chapter under any other name or names except those names designated in its license. . . .” 7 Pa. C.S. § 6136(a)(1) (corresponding to 63 P.S. § 456.309(a)(1), 7 P.S. § 6611(1)).

14. The Loan Officers that closed the loans for TransWorld were not W-2 employees of TransWorld or individually licensed pursuant to the MBBCEPA and/or the SMLA as was previously required.<sup>1</sup>

15. By accepting the mortgage loans from the Loan Officers who were not licensed to engage in the mortgage business in Pennsylvania, TransWorld violated the Mortgage Act.

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<sup>1</sup> At the time of the violations, employees of a mortgage broker were not required to be individually licensed. See 63 P.S. § 456.303(b)(11).

### Examination Fees

16. On or around January 18, 2008, the Department invoiced TransWorld for the Examination.

17. Section 6135(a)(4) of the Mortgage Act (corresponding to Section 308(a)(4) of the MBBCEPA and Section 10(a)(4) of the SMLA) provides that the cost of an examination "shall be borne by the licensee." 7 Pa. C.S. § 6135(a)(4) (corresponding to 63 P.S. § 456.308(a)(4) and 7 P.S. § 6610(a)(4)).

18. The total cost for the Examination was \$1,665.02.

19. On or around October 10, 2008 a representative of the Department spoke with TransWorld regarding a payment plan for the outstanding exam invoice.

20. A payment plan was arranged, however, no payments have been made.

### Authority of the Department

21. Section 6138(a)(4) of the Mortgage Act (corresponding to Sections 310(a) of the MBBCEPA and 16(1) of the SMLA) grants the Department broad authority to issue orders for the enforcement of the Mortgage Act. 7 Pa. C.S. § 6138(a)(4) (corresponding to 63 P.S. § 456.310(a) and 7 P.S. § 6616(1)).

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." 7 Pa. C.S. § 6140(b) (corresponding to Section 314(c) of the MBBCEPA, 63 P.S. § 456.314(c) and Section 22(b) of the SMLA, 7 P.S. § 6622(b)).

## VIOLATIONS

23. TransWorld violated Section 6111(a) and Section 6136(a)(1) of the Mortgage Act (corresponding to Section 303(a) and Section 309(a)(1) of the MBBCEPA and Section 3(a)(1) and Section 11(1) of the SMLA by accepting the mortgage loans involving Pennsylvania property closed by loan officers who were not licensed to do business in Pennsylvania.

## RELIEF

24. Fine. Within thirty (30) days of the Effective Date of this Order, TransWorld shall pay to the Department a fine in the amount of \$3,000. TransWorld 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. Exam Invoice. Within thirty (30) days of the Effective Date of this Order, TransWorld shall pay to the Department the cost of the Examination in the amount of \$1,665.02. TransWorld 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, Fiscal and Support Services Division, 17 North Second Street, Suite 1300, Harrisburg, PA 17101.

26. Corrective Action.

- a. TransWorld shall cease and desist from accepting mortgage loan applications from unlicensed persons.
- b. TransWorld shall retain any loan officers or persons engaging in the mortgage loan business on its behalf in Pennsylvania and for loans

involving Pennsylvania property and/or Pennsylvania consumers as W-2 employees.

#### FURTHER PROVISIONS

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

28. 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).

29. 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 TransWorld.

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

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

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

33. 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 TransWorld in the future regarding all matters not resolved by this Order.
- b. TransWorld 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.

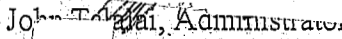
34. Authorization. The parties below are authorized to execute this Order and legally bind their respective parties.

35. Counterparts. This Order may be executed in separate counterparts.

36. 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 TransWorld 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 T. [Redacted], Administrator  
Bureau of Compliance, Investigation and Licensing  
Department of Banking

Date: 2/28/09

FOR TRANSWORLD MORTGAGE SERVICES CORP.

  
\_\_\_\_\_  
(Officer Signature)  
  
\_\_\_\_\_  
(Print Officer Name)

President  
\_\_\_\_\_  
(Title)

Date: 2/2/09