

FILED

2010 APR -9 AM 11: 22

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

PA DEPT OF BANKING

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

v.

ALLIED MORTGAGE GROUP, INC
D/B/A ADVANTAGE ONE FINANCIAL,
D/B/A LOAN STAR MORTGAGE,
D/B/A REVERSE ULTRA

Docket No.: 100109 (ENF-CO)

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, Department of Banking ("Department"), Bureau of Compliance, Investigation and Licensing ("Bureau"), conducted a review of Allied Mortgage Group, Inc. d/b/a Advantage One Financial, Loan Star Mortgage, and Reverse Ultra ("Allied Mortgage"), and its officers, employees and directors. Based on the results of the review, the Bureau believes that Allied 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 ("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.

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 On November 5, 2008, Chapter 3 of the MBBCEPA and the SMLA were repealed by operation of law and replaced by the Mortgage Licensing Act.

5. Allied Mortgage is currently licensed under the Mortgage Licensing Act as a mortgage lender with the license no. 21600.

6. Allied Mortgage is uniquely identified with the Nationwide Mortgage Licensing System ("NMLS") identification number of 1067 through the Nationwide Mortgage Licensing System and Registry ("NMLSR").

7. Allied Mortgage maintains its principal place of business at 7 Bala Avenue, Suite 108, Bala Cynwyd, Pennsylvania 19004.

NMLS

8. The Mortgage Licensing Act states "An application for a license under this chapter shall be on a form prescribed and provided by the department." 7 Pa. C.S. § 6131(a).

9. Consistent with sections 202.E and 405.F(1) of the act of May 15, 1933 (P.L.565, No.111), known as the Department of Banking Code, the Department prescribes that all applicants and licensees use the Nationwide Mortgage Licensing System and Registry ("NMLSR") as the form for obtaining and maintaining licenses, including mortgage lenders licenses, under the Mortgage Licensing Act. 7 Pa. C.S. § 6131(a).

10. The NMLSR is the licensing system developed and maintained by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators. 7 Pa. C.S. § 6102.

11. The NMLSR licensing system includes a "MU1" form with information regarding the applicants and licensees including an "Other Business" section which requires the applicant or licensee to disclose the types of business in which they engage.

12. The Department requires that in the case of a mortgage broker, mortgage lender or mortgage loan correspondent, the NMLSR application shall include any other information that may be required by the department. 7 Pa. C.S. § 6131(a)(1)(iv).

Material Misstatement on Application

13. A search of the Department of Housing and Urban Development's ("HUD") Neighborhood Watch website revealed that Allied Mortgage originated HECM reverse mortgage loans in 2008 and 2009.

14. On the November 2008 and 2009 NMLSR applications, the Department required that mortgage lenders check the type(s) of mortgage related business in which they engaged within the "Other Business" section of the MU1 form.

15. The Bureau reviewed Allied Mortgage's 2008 and 2009 applications and submissions filed with the NMLSR.

16. Allied Mortgage disclosed its origination of reverse mortgages on the 2008 application, but failed to disclose its origination of reverse mortgages on the 2009 renewal application.

17. Allied Mortgage's origination of reverse mortgages and failure to disclose the origination of reverse mortgages on the "Other Business" section of the 2009 NMLS MU1 form constitutes a material misstatement on applications and submissions to the Department by Allied Mortgage.

18. Allied Mortgage contends the misstatement occurred due to a clerical oversight and was unintentional.

Authority of the Department

19. 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).

20. Section 6139(a)(1) of the Mortgage Licensing Act states “Departmental action.— The department may suspend, revoke or refuse to renew a license issued under this chapter if any fact or condition exists or is discovered which, if it had existed or had been discovered at the time of filing of the application for the license, would have warranted the department in refusing to issue the license or if a licensee or director, officer, partner, employee or owner of a licensee has: (1) *Made a material misstatement in an application or any report or submission required by this chapter or any department regulation, statement of policy or order.*” 7 Pa. C.S. § 6138(a)(4) (*emphasis added*).

21. 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

22. Allied Mortgage violated Section 6139(a)(1) of the Mortgage Licensing Act by providing material misstatements on applications or reports submitted to the Department.

RELIEF

23. Fine. Within thirty (30) days of the Effective Date of this Order, Allied Mortgage shall pay to the Department a fine of two hundred fifty dollars (\$250). 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.

24. Corrective Measures. Upon the Effective Date of this Order, Allied Mortgage shall provide accurate information on all applications or reports submitted to the Department. Allied Mortgage shall provide the Department with written notice of the change in any information submitted in an application or submission within ten (10) days of becoming aware of the change and accordingly submit the necessary amendments through NMLSR.

FURTHER PROVISIONS

25. Consent. Allied 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. Allied 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.

26. 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).

27. 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 Mortgage.

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

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

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

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

b. Allied 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.

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

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

34. 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.

