

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

FILED

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

PA DEPT OF BANKING

v.

AMERICAN ADVANTAGE MORTGAGE  
COMPANY, LLC

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: Docket No.: 10 0022 (ENF-ORD)  
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**NOTICE OF RIGHT TO APPEAL AND HEARING**

You have the right to appeal the attached Order within **30 days** of the date of service. *See* 1 Pa. Code § 35.20. The date of service is the date we deposited the Order in the mail or delivered it to you in person, as the case may be, as set forth in 1 Pa. Code § 33.34. If you appeal the Order, you also have a right to a hearing.

To file an appeal and request a hearing on the Order, you must file a petition with the Secretary of Banking within **30 days** of the date of service. The petition must be in writing, state clearly and concisely your grounds of interest in the subject matter, the facts you rely upon, the law you rely upon, and the relief you seek. *See* 1 Pa. Code § 35.17. Please **mail or deliver** your petition to:

Secretary of Banking  
c/o Linnea Freeberg, Docket Clerk  
Office of Executive Deputy Secretary  
Pennsylvania Department of Banking  
17 North Second Street, Suite 1300  
Harrisburg, PA 17101

Your petition must be received by the Docket Clerk within the aforementioned **30 day** deadline. **If the Docket Clerk does not receive your petition on time, you will waive your right to an appeal and hearing and the Order will be deemed final.**

You must also serve a copy of your petition to the person who signed the attached Order pursuant to 1 Pa. Code § 33.32, by providing a copy to their counsel set forth below:

Begene A. Bahl, Assistant Counsel  
Commonwealth of Pennsylvania  
Pennsylvania Department of Banking  
17 North Second Street, Suite 1300  
Harrisburg, PA 17101

Once you file your petition appealing the Order and requesting a hearing, you will be notified of the hearing date, time, place, the person who will preside at your hearing, and any other pertinent information.

You have the right to be represented by an attorney. Corporations may be required to be represented by an attorney.

The hearing and all other procedural matters will be governed by the Pennsylvania Administrative Agency Law, 2 Pa.C.S. §§ 501-508, 701-704, and the General Rules of Administrative Practice and Procedure, 1 Pa. Code §§ 31.1.-35.251.

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Docket No.: 10 0822 (ENF-ORD)

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AMERICAN ADVANTAGE MORTGAGE  
COMPANY, LLC

ORDER

WHEREAS, the Department of Banking (“Department”) is the Commonwealth of Pennsylvania’s administrative agency authorized and empowered to administer and enforce the Mortgage Licensing Act, 7 Pa. C.S. § 6101, *et. seq.*; and

WHEREAS, the Bureau of Compliance, Investigation and Licensing (“Bureau”) is primarily responsible for administering and enforcing the Mortgage Licensing Act; and

WHEREAS, American Advantage Mortgage Company, LLC (“American Advantage”) is located at 415 US Highway 9, Lanoka Harbor, NJ 08734; and

WHEREAS, on November 5, 2008, the act known as the Mortgage Act, Act of July 8, 2008, P.L. 796, No. 56, became effective; and

WHEREAS, after passage of the Mortgage Act, the Department required mortgage licensees to transition onto the Nationwide Mortgage Licensing System and Registry (“NMLS”); and

WHEREAS, American Advantage transitioned onto NMLS by applying for and receiving a conditional mortgage broker license, License, No. 27470, NMLS Id. No. 79327, from the Department; and

**WHEREAS**, on August 5, 2009, the Act known as the Mortgage Act was amended to comply with the Federal Secure and Fair Enforcement Mortgage Licensing Act of 2008 (“SAFE Act”), 12 U.S.C. § 5101, *et. seq.*; and

**WHEREAS**, the act known as the Mortgage Act was titled the Mortgage Licensing Act (“MLA”), 7 Pa. C.S. § 6101(b); and

**WHEREAS**, the MLA, in relevant part, adopted the SAFE Act’s requirement that all mortgage licensees obtain and maintain their licenses on the NMLS, 7 Pa. C.S. § 6131(a); 12 U.S.C.S. § 5107; and

**WHEREAS**, the MLA also adopted the SAFE Act requirement that all mortgage licensees, including mortgage lenders, mortgage brokers and mortgage loan correspondents, obtain and maintain a surety bond, in a form acceptable to the Department from a surety company authorized to do business in the Commonwealth, 7 Pa. C.S. § 6131 (c)-(f); 12 U.S.C.S. § 5107(d)(6); and

**WHEREAS**, the purpose of the surety bond is for “the use of the Commonwealth” and any person or consumer who is injured by the acts or omissions of the licensee’s mortgage originators in the mortgage loan business, 7 Pa. C.S. § 6131 (c)-(f); and

**WHEREAS**, American Advantage had to meet all of the requirements of the MLA including providing proof of a surety bond to the Department to maintain its conditional mortgage license; and

**WHEREAS**, the Department initially notified all mortgage licensees of the surety bond requirement by letter dated on or around September 9, 2009 (*See* a true and correct copy of the “notification letter” attached as Appendix A); and

**WHEREAS**, the notification letter was emailed to each licensee at the address provided by the licensee in the NMLS and the letter was posted on the Department's website; and

**WHEREAS**, the Department made several additional efforts to obtain the surety bond from the mortgage licensees including American Advantage; and

**WHEREAS**, to date, American Advantage has not provided proof that it obtained the required surety bond to the Department; and

**WHEREAS**, American Advantage has been operating as a mortgage licensee without a surety bond; and

**WHEREAS**, because American Advantage has been operating without a surety bond, there is a risk of financial harm to Pennsylvania consumers if American Advantage's mortgage originators cause injury to consumers in the mortgage loan business; and

**WHEREAS**, Section 6133(f) of the MLA provides that if the Department determines that conditions imposed upon a licensee have not been fulfilled, the department may take *any action* against the licensee that the department deems necessary as set forth in the chapter, 7 Pa. C.S. § 6133(f) (emphasis added); and

**WHEREAS**, the Department has the authority to suspend . . . any license issued pursuant to the MLA if a licensee has failed to comply with or violated any provision of the MLA, 7 Pa. C.S. § 6139(a)(2); and

**WHEREAS**, the Department has the authority to issue orders for the enforcement of the MLA, 7 Pa. C.S. § 6138(a)(4); and

**WHEREAS**, the Department may fine a licensee up to \$10,000 per offense for violating the MLA or committing any action which would subject the licensee to license suspension, 7 Pa. C.S. § 6140(b); and

**AND NOW THEREFORE**, because American Advantage Mortgage Company, LLC has violated the MLA by failing to provide the surety bond to the Department, the Bureau under the authority cited above, hereby imposes the following Order. From the Effective Date of this Order, American Advantage Mortgage Company, LLC's license is hereby **SUSPENDED** until it meets **both** of the following conditions:

1. American Advantage Mortgage Company, LLC provides an original and fully executed surety bond to the Department. The surety bond shall be mailed to:

Theresa L. Jones, AFIE  
Bureau of Compliance  
Pennsylvania Department of Banking  
17 N. Second Street, Suite 1300  
Harrisburg, PA 17101

2. American Advantage Mortgage Company, LLC pays a fine in the amount of \$5,000. Payment shall be made by certified check or money order to the "Department of Banking" and shall be sent to the following:

Department of Banking  
Bureau of Compliance  
17 N. Second Street, Suite 1300  
Harrisburg, PA 17101

Because American Advantage Mortgage Company, LLC's license is suspended, it shall not, in any way, engage in the mortgage loan business in this Commonwealth, as defined in the MLA, until such time that the Department reinstates its license upon receipt of the surety bond and \$5,000 fine. Nothing in this Order shall prevent the Bureau from taking any further administrative action as deemed necessary for the enforcement of the MLA.

**IT IS SO ORDERED.**

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Ryan Walsh, Administrator  
Department of Banking,  
Bureau of Compliance, Investigation and Licensing

Dated: March 2, 2010

# APPENDIX A





**pennsylvania**  
DEPARTMENT OF BANKING

MARKET SQUARE PLAZA | 17 N SECOND STREET, SUITE 1300 | HARRISBURG, PA 17101  
PH 717.787.3717 FX 717.787.8773 W [www.banking.state.pa.us](http://www.banking.state.pa.us)

## **SURETY BOND INFORMATION REGARDING THE MORTGAGE LICENSING ACT**

On August 5, 2009, Governor Edward G. Rendell signed into law as Act 31 of 2009, House Bill 1654 (P.N. 2448), which amends Pennsylvania's existing mortgage licensing law, 7 Pa.C.S. Chapter 61, now titled the Mortgage Licensing Act ("MLA"), in order to implement the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (the "SAFE Act"), 12 U.S.C. § 5101 *et seq.* Act 31 became effective immediately. The amendments contained in Act 31 implement the SAFE Act by merging its requirements into the MLA.

This letter provides the mortgage industry with further details regarding the surety bond requirements for mortgage originators and mortgage companies. Licensees will have until **November 30, 2009** to provide the department with proof of surety bond coverage as prescribed by the MLA.

### **Surety Bond Requirement:**

The MLA requires mortgage company licensees and applicants (including consumer discount companies and affiliates of banks and credit unions engaged in the mortgage loan business) to maintain a surety bond in an amount that reflects the volume of mortgage loans originated by the mortgage originators employed by the business. The amount of the bond will be determined by the amount of mortgage loans originated and secured by Pennsylvania real property in a calendar year as indicated on the licensee's annual report. For initial mortgage business applicants, the amount of the bond will be determined by the anticipated amount of mortgage loans originated and secured by Pennsylvania real property in the first calendar year of licensing.

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Licensed mortgage originators will be responsible for maintaining an individual surety bond **only** if their employer is a business that is not required to be licensed by virtue of the MLA (i.e. agencies or instrumentalities of a federal, state or local government, or non-profit corporations) and elects not to maintain the required surety bond on behalf of its licensed mortgage originators. Should individually licensed mortgage originators require individual bonding, the amount of the surety bond required will be determined by the amount of mortgage loan originations secured by Pennsylvania real property in the most recent complete calendar year. For initial mortgage originator applicants, the amount of the bond will be determined by the anticipated amount of mortgage loans secured by Pennsylvania real property originated in the first calendar year of licensing.

The following summarizes the bond requirements:

***Mortgage Lenders and Mortgage Loan Correspondents:***

<i>Bond Amount</i>	<i>Anticipated or Actual Amount of PA Mortgage Loan Originations</i>
\$100,000	\$29,999,999.99 or less
\$200,000	\$30,000,000 - \$99,999,999.99
\$300,000	\$100,000,000 - \$249,999,999.99
\$500,000	\$250,000,000 or more

***Mortgage Brokers***

<i>Bond Amount</i>	<i>Anticipated or Actual Amount of PA Mortgage Loan Originations</i>
\$50,000	\$14,999,999.99 or less
\$75,000	\$15,000,000 - \$29,999,999.99
\$100,000	\$30,000,000 - \$49,999,999.99
\$150,000	\$50,000,000 or more

***Mortgage Originators***

<i>Bond Amount</i>	<i>Anticipated or Actual Amount of PA Mortgage Loan Originations</i>
\$25,000	\$7,499,999.99 or less
\$50,000	\$7,500,000 - \$14,999,999.99
\$75,000	\$15,000,000 - \$29,999,999.99
\$100,000	\$30,000,000 - \$49,999,999.99
\$150,000	\$50,000,000 or more

**Note:** This separate volume based surety bond requirement **does not replace** the additional requirement for Mortgage Brokers and Mortgage Loan Correspondents who are accepting advanced fees to obtain a separate bond in the amount of \$100,000.

**Transition Plan:**

Licenses and registrants are invited to visit the department's website ([www.banking.state.pa.us](http://www.banking.state.pa.us)) in order to download the approved surety bond form. All licensees must use this form and obtain coverage from a surety company authorized to do business in PA in order to meet the new surety bond requirements.

Licenses and registrants must submit the original and fully executed surety bond form to the department no later than **November 30, 2009**.

Send original bonds to the following address:

**Pennsylvania Department of Banking  
Attention: Compliance Division  
Marker Square Plaza  
17 North Second Street  
Harrisburg, PA 17101**

Conclusion:

The Department's licensing staff is committed to assisting you in this transition. Should you have any questions regarding the MLA or the transition plan, feel free to contact the licensing staff at (717) 787-3717 or email at [ra-asklicensing@state.pa.us](mailto:ra-asklicensing@state.pa.us). For questions regarding NMLS and how to create a record on the system, please contact the NMLS Call Center at (240) 386-4444.

Thank you,

Jamie Robenseifner  
Chief, Licensing Division  
Bureau of Compliance, Investigation,  
and Licensing

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing Order upon the parties below, who constitute the only parties of record in this proceeding, in accordance with the requirements of 1 Pa. Code §§ 33.32:

BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED,  
AND FIRST CLASS MAIL:

AMERICAN ADVANTAGE MORTGAGE COMPANY, LLC  
KELLY ZUCCARELLI  
415 US HIGHWAY 9  
LANOKA HARBOR, NJ 08734

Dated: March 2, 2010

\_\_\_\_\_  
Bani, Assistant Counsel  
Commonwealth of Pennsylvania  
Department of Banking  
17 N. Second Street, Suite 1300  
Harrisburg, PA 17101-2290  
Telephone: (717) 787-1471  
Fax: (717) 783-8427