



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 On November 5, 2008, Chapter 3 of the MBBCEPA and the SMLA were repealed by operation of law and replaced by the Mortgage Licensing Act.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. First American Mortgage was formerly licensed as a First Mortgage Broker, license no. 16512, pursuant to the MBBCEPA.

5. First American Mortgage was granted a Mortgage Broker license, license no. 25611, pursuant to the Mortgage Licensing Act on June 10, 2009.

6. On March 10, 2008, an examiner from the Department conducted an examination of the principal place of business which was located at 2402 Bristol Road, Bensalem, PA 19020-6002.

#### Unlicensed Activity

7. As a result of the examination, the examiners identified certain loans, which were allegedly originated by loan originators working from unlicensed locations.

8. The Mortgage Licensing Act defines a "branch" as "[a]n office or other place of business, other than the principal place of business, located in this Commonwealth or any other state, where a person engages in the mortgage loan business subject to this chapter." 7 Pa. C.S. § 6102 (corresponding to 63 P.S. § 456.302).

9. Section 6131(a)(1)(ii) of the Mortgage Licensing Act (corresponding to Section 304(a) of the MBBCEPA) 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 63 P.S. § 456.304(a)).

10. Section 6132(b)(2) of the Mortgage Licensing Act (corresponding to Section 305(a) of the MBBCEPA) provides that a licensee must pay a renewal fee for each branch office. 7 Pa. C.S. § 6132(b)(2) (corresponding to 63 P.S. § 456.305(a)).

11. It is the Department's position, based on the foregoing, that 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.

#### Authority of the Department

12. Section 6138(a)(4) of the Mortgage Licensing 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 Licensing Act. 7 Pa. C.S. § 6138(a)(4) (corresponding to 63 P.S. § 456.310(a) and 7 P.S. § 6616(1)).

13. Section 6140(b) of the Mortgage Licensing 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 63 P.S. § 456.314(c) and 7 P.S. § 6622(b)).

## VIOLATIONS

14. The Department alleges that First American Mortgage is in violation of Sections 6131(a)(1)(ii) and 6132(b)(2) of the Mortgage Licensing Act (corresponding to Sections 304(a) and 305(a) of the MBBCEPA) by originating loans from unlicensed branch locations.

15. First American Mortgage disagrees with the Department's allegations, but consents to this Order to resolve the disputed claims.

## RELIEF

16. Fine. Within thirty (30) days of the Effective Date of this Order, First American Mortgage shall pay to the Department a fine in the amount of \$20,000. Payments shall be payable in 10 monthly payments with the first payment being \$2000 due within 30 days of the date of execution of this Order and each subsequent payment due by the first day of the following month thereafter until paid in full. Payments shall be remitted by business checks, certified checks or money orders made payable to the Department of Banking, and will be sent to the Attention of: Non-Depository Institutions, Bureau of Compliance, Investigation and Licensing, 17 North Second Street, Suite 1300, Harrisburg, PA 17101.

17. Corrective Action. First American Mortgage agrees to comply with branch licensing requirements of the Mortgage Licensing Act. Any branch license application or other license application submitted by First American Mortgage shall be processed in accordance with Section 6133 of the Mortgage Licensing Act, but shall not be denied or restricted on the basis of the existence of this Order.

## FURTHER PROVISIONS

18. Consent. First American 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. First American 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.

19. 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).

20. 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 Department and First American Mortgage.

21. Binding Nature. The Department, First American Mortgage, intends to be and is legally bound by the terms of this Order.

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

23. Effectiveness. First American Mortgage hereby stipulates and agrees that the Order shall become effective on the date that the Department executes the Order ("Effective Date").

24. 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 First American Mortgage in the future regarding all matters not resolved by this Order.

- b. First American 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.
- c. By way of clarification, this Order fully resolves the Department's claims as to unlicensed activity by First American Mortgage (asserted or unasserted, and whether in connection with the March, 2008 examination or otherwise) through the Effective Date of this Order.

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

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

27. 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 First American Mortgage Company of Eastern PA, LLC 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**

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John Tafalai, Administrator  
Bureau of Compliance, Investigation and Licensing  
Department of Banking

Date: 8/5/2010

**FOR FIRST AMERICAN MORTGAGE COMPANY OF EASTERN PA, LLC**

\_\_\_\_\_  
(Officer Signature)

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

PRESIDENT  
(Title)

Date: 8/3/10