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PA DEPT OF BANKING

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

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

Docket No. 10 0179 (ENF-CO)

v.

FIRST ATLANTIC MORTGAGE CORP.

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking ("Department"), Bureau of Examinations, conducted an examination of First Atlantic Mortgage Corp. ("First Atlantic"), and its officers, employees and directors. Based on the results of the examination, the Bureau of Compliance, Investigation and Licensing ("Bureau") believes that First Atlantic 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. First Atlantic was formerly licensed as a First Mortgage Broker, license no. 4689, pursuant to Chapter 3 of the Mortgage Bankers and Brokers and Consumer Equity Protection Act

("MBBCEPA") and as a Secondary Mortgage Broker, license no. 14995, pursuant to the Secondary Mortgage Loan Act ("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 On November 5, 2008, Chapter 3 of the MBBCEPA and the SMLA were repealed by operation of law and replaced by the Mortgage Licensing Act.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. The Department granted First Atlantic a conditional license pursuant to the Mortgage Licensing Act on November 5, 2008.

6. First Atlantic is currently licensed under the Mortgage Licensing Act as a mortgage broker, with the Nationwide Mortgage Licensing System and Registry ("NMLSR") identification number of 21677.

7. On or around October 21, 2009, an examination of First Atlantic commenced at its then principal place of business at 434 South Poplar Street, Hazleton, Pennsylvania 18201.

Unlicensed Mortgage Loan Originator

8. The examination revealed that First Atlantic accepted ten (10) Pennsylvania residential mortgage applications from an individual ("Unlicensed Individual") who was not licensed as a mortgage loan originator under the Mortgage Licensing Act.

9. As of January 1, 2009, individuals acting as mortgage loan originators were required to be licensed as mortgage originators pursuant to Section 6111(a) of the Mortgage Licensing Act. See Section 13 of H.B. 1654 (2009), 7 Pa. C.S. § 6111(a).

10. The Unlicensed Individual did not submit a mortgage loan originator application to the Department.

11. When the Unlicensed Individual originated the applications, she was employed and supervised by First Atlantic as a loan processor at its licensed Hazleton location.

12. The Unlicensed Individual originated the residential mortgage applications subsequent to January 1, 2009.

13. First Atlantic is in violation of the Mortgage Licensing Act because it accepted ten mortgage loan applications from the Unlicensed Individual.

Authority of the Department

14. Section 6138(a)(4) of the Mortgage Licensing Act grants the Department broad authority to issue orders as may be necessary for the proper conduct of the mortgage loan business and enforcement of the Mortgage Licensing Act. 7 Pa. C.S. § 6138(a)(4).

15. Section 6139(a)(14) of the Mortgage Licensing Act provides that the Department may suspend, revoke or refuse to renew a license issued under the Mortgage Licensing Act if "a mortgage broker, mortgage lender or mortgage loan correspondent, conducted *the mortgage loan business through an unlicensed mortgage originator*." (*emphasis added*) 7 Pa. C.S. § 6139(a)(14):

16. 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).

VIOLATIONS

17. First Atlantic is in violation of Section 6139(a)(14) of the Mortgage Licensing Act by accepting mortgage loan applications from an unlicensed loan originator.

RELIEF

18. Fine. First Atlantic agrees to pay a fine of two thousand five hundred dollars (\$2,500) which shall be due and payable to the Department in ten installments of \$250. The first installment is due within thirty (30) days of the Effective Date of this Order, and subsequent payments due thirty (30) days thereafter until the fine is paid in full. The fine payments shall be remitted by a company check, certified check or money order made payable to the Pennsylvania Department of Banking and sent to the attention of: Pennsylvania Department of Banking, Bureau of Compliance, Investigation and Licensing, 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

19. Corrective Measures. Upon the Effective Date of the Order, First Atlantic shall immediately cease and desist from accepting mortgage loans originated by unlicensed mortgage loan originators.

FURTHER PROVISIONS

20. Consent. First Atlantic 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 Atlantic, 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.

21. 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).

22. 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 First Atlantic.

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

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

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

26. 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 Atlantic in the future regarding all matters not resolved by this Order.

b. First Atlantic 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.

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

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

29. 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 Atlantic 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**

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

Date: August 16, 2010

FOR FIRST ATLANTIC MORTGAGE CORP.

(Officer Signature)

(Print Officer Name)

President
(Title)

Date: 8/10/10