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COMMONWEALTH OF PENNSYLVANIA 2010 SEP 17 AM 10:41
 DEPARTMENT OF BANKING

~~PA DEPT OF BANKING~~

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

v.

Docket No. 10 0219 (ENF-CO)

MORELAND FINANCIAL CORP.

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, Department of Banking’s (the “Department”) Bureau of Non–Depository Examinations, conducted an examination of Moreland Financial Corp. (“Moreland”). Based on information obtained through that examination, and information later obtained by the Bureau of Compliance, Investigation and Licensing (“Bureau”) the Bureau believes that Moreland 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 (the “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. Moreland is currently licensed as a mortgage lender under the Mortgage Licensing Act with license number 21613.

4. Moreland maintains its principal place of business at 512 Pennsylvania Avenue, Fort Washington, Pennsylvania, 19034.

Unlicensed Mortgage Originators

5. The Mortgage Licensing Act provides, in relevant part, that “. . . on and after the effective date of this section [November 5, 2008], no person shall engage in the mortgage loan business in this Commonwealth without being licensed as a . . . mortgage originator as provided under this chapter. A mortgage originator may not engage in the mortgage loan business unless the mortgage originator is employed and supervised by a licensed mortgage broker, mortgage lender or mortgage loan correspondent. . .” 7 Pa. C.S. § 6111(a).

6. Effective October 5, 2009, amendments to the Mortgage Licensing Act required individual mortgage brokers to be licensed as mortgage originators before performing the services of a mortgage originator. 7 Pa.C.S. § 6111.

7. Several persons licensed as mortgage brokers did work for Moreland prior to the date they were required to obtain individual mortgage originator licenses.

8. The Bureaus obtained a loan log pursuant to its investigation from Moreland for those dates after which mortgage originator licenses were required for those currently employed by Moreland.

9. The loan log shows that sixteen mortgage loan applications were originated on behalf of Moreland by three unlicensed mortgage originator subsequent to October 5, 2009 when a mortgage originator license was required by those licensed as mortgage brokers.

10. The mortgage loan applications originated for Moreland by unlicensed loan originators subsequent to October 5, 2009 are in violation of the Mortgage Licensing Act.

Authority of the Department

11. Section 6138(a)(4) of the Mortgage Licensing Act grants the Department broad authority to issue orders for the proper conduct of the mortgage licensing business and the enforcement of the Mortgage Licensing Act. 7 Pa. C.S. § 6138(a)(4).

12. Section 6139 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 an owner has “failed to comply with or violated any provision of this chapter. . . ” and if “a mortgage broker, mortgage lender or mortgage loan correspondent, conducted the mortgage loan business through an unlicensed mortgage originator.” 7 Pa. C.S. § 6139(a)(2) and (a)(14).

13. 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

14. Moreland violated the Mortgage Licensing Act on sixteen occasions when it continued to conduct the mortgage loan business through individuals licensed as mortgage brokers but unlicensed as mortgage originators after October 5, 2009, and when it failed to properly control and supervise its employees in accordance with the requirements of the Mortgage Licensing Act. 7 Pa. C.S. § 6111(a); 7 Pa. C.S. § 6131(f)(1).

RELIEF

15. Fine. Moreland agrees to pay a fine of \$4,000.00. The first \$2,000 shall be due and payable to the Department within thirty days of the effective date of this Order as defined in paragraph 22 below. The remaining balance will be paid in increments of \$1,000 every thirty days thereafter. The fine payments shall be remitted by a certified check or money order made payable to the Pennsylvania Department of Banking and sent to the attention of Compliance Division, Bureau of Compliance, Investigation and Licensing, 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

16. Corrective Measures. Upon the effective date of this Order, Moreland shall cease and desist from conducting the mortgage loan business through unlicensed mortgage originators and from failing to properly control and supervise its employees in accordance with the requirements of the Mortgage Licensing Act.

FURTHER PROVISIONS

17. Consent. Moreland hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order issued 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. Moreland, 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.

18. 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)

19. 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 Moreland.

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

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

22. Effectiveness. Moreland hereby stipulates and agrees that the Order shall become effective on the date the Bureau executes the Order.

23. 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 Moreland in the future regarding all matters not resolved by this Order.

b. Moreland acknowledges and agrees that this Order is only binding upon the Department and not other local, state or federal agency, department or office regarding matters within this Order.

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

25. Counterparts. This order may be executed in separate counterparts and by facsimile or electronic mail in portable document format "pdf."

26. 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 Moreland 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 ~~W. ...~~ Administrator
Bureau of Compliance, Investigation and Licensing
Department of Banking

Date: 9/14/2010

FOR MORELAND FINANCIAL CORP.

(Officer Signature)
Roland B. Sórace
President

(Print Officer Name)

(Title)

Date: 9/14/2010