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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

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PA DEPT OF BANKING

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

v.

MORTGAGE PROFESSIONALS, INC.

Docket No. 10 02169 (ENF-CO)

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking ("Department"), Bureau of Examinations, has conducted an examination of Mortgage Professionals, Inc. ("Mortgage Professionals"), and its officers, employees and directors. Based on the results of the examination, the Bureau of Compliance, Investigation and Licensing ("Bureau") believes that Mortgage Professionals operated in violation of the Mortgage Licensing Act (the "MLA"), 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 MLA.
2. The Bureau is primarily responsible for administering and enforcing the MLA for the Department.

3. Mortgage Professionals is licensed as a mortgage loan broker under the MLA, license no. 21911 with a Nationwide Mortgage Licensing System and Registry number of 119897.

4. Mortgage Professionals maintains its principal place of business at 1100 North Mountain Road, Harrisburg, Pennsylvania, 17112.

Unlicensed Loan Originator

5. The MLA provides, in relevant part, "on and after the effective date of this section, no person shall engage in the mortgage loan business in this Commonwealth without being licensed as a mortgage broker, mortgage lender, mortgage loan correspondent or mortgage originator as provided under this chapter...." 7 Pa. C.S. § 6111(a).

6. As November 5, 2008, individuals acting as mortgage loan originators were required to be licensed as mortgage originators pursuant to section 6111(a) of the MLA.

7. The Examination revealed that Mortgage Professionals accepted three Pennsylvania residential mortgage applications from an unlicensed mortgage originator subsequent November 5, 2008.

8. Mortgage Professionals is required to directly supervise, control and maintain responsibility for the acts and omissions of the mortgage originators it employs. 7 Pa. C.S. § 6131(f)(1).

9. By failing to ensure that Mortgage Professionals employed only licensed mortgage loan originators, Mortgage Professionals failed to directly supervise, control and maintain responsibility for the acts and omission of the mortgage originators it employed as required by the MLA.

Rate Lock Agreements

10. The MLA states "A licensee engaging in the mortgage loan business shall not: . . . In the case of a mortgage broker or mortgage originator, commit to close or close mortgage loans in its own name, service mortgage loans, enter into lock-in agreements or collect lock-in fees or be or designate the exclusive recipient of notices or other communications sent from a lender or servicer to a consumer, provided, however, that a mortgage broker or mortgage originator can provide a lender's lock-in agreement to a consumer on behalf of that lender and collect lock-in fees payable to that lender on the lender's behalf." 7 Pa.C.S. § 6123(7).

11. The examination revealed that Mortgage Professionals routinely issued rate lock agreements in its own name without the authority to do so in violation of the MLA.

Prohibited Terms

12. Section 6122(b)(1) and (2) of the MLA provides the fees that mortgage brokers are authorized to charge. Specifically, mortgage brokers are authorized to charge consumers title examination fees, credit report and appraisal fees actually related to the mortgage loan, and to charge a broker's fee provided it is disclosed to the consumer. 7 Pa.C.S. § 6122(b)(1) and (2).

13. The examination revealed that, on several occasions, Mortgage Professionals charged borrowers a fee identified as discount points or a loan discount fee, which it is not authorized to charge.

14. Mortgage Professionals contends that properly charged broker fees were merely mislabeled as discount points or loan discount fees on some of the final paperwork.

Authority of the Department

15. Section 6138(a)(4) of the MLA 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).

16. Section 6140(b) of the MLA 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. Mortgage Professionals was in violation of the MLA on three occasions when it conducted the mortgage loan business through an unlicensed mortgage originator after November 5, 2008, and when it failed to properly control and supervise its employees in accordance with the requirements of the MLA. 7 Pa. C.S. § 6111(a); 7 Pa. C.S. § 6131(f)(1).

18. Mortgage Professionals violated section 6123(7) of the MLA when it issued rate lock agreements to consumers. 7 Pa.C.S. § 6123(7)

19. Mortgage Professionals violated the MLA when it charged a fee it was not authorized to charge.

RELIEF

20. Fine. For originating mortgages through an unlicensed mortgage originator and for issuing rate lock agreements, Mortgage Professionals agrees to pay a fine of one thousand two hundred fifty dollars (\$1,250) which shall be due and payable to the Department within

thirty (30) days of the effective date of this Order as defined in paragraph 27 below. The fine payment 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 the Compliance Division, Bureau of Compliance, Investigation and Licensing, 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

21. Corrective Measures. Upon the effective date of this Order, Mortgage Professionals shall cease and desist from conducting the mortgage loan business through unlicensed mortgage originators, issuing rate lock agreements and from charging or mislabeling unauthorized fees.

FURTHER PROVISIONS

22. Consent. Mortgage Professionals hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order issued pursuant to the Bureau's order authority under the MLA and agree that they understand all of the terms and conditions contained herein. Mortgage Professionals, 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.

23. 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)

24. 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 Mortgage Professionals.

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

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

27. Effectiveness. Mortgage Professionals hereby stipulates and agrees that the Order shall become effective on the date the Bureau executes the Order.

28. 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 Mortgage Professionals, in the future regarding all matters not resolved by this Order.

b. Mortgage Professionals 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.

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

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

31. 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 Mortgage Professionals 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 Walsh, Administrator
Bureau of Compliance, Investigation and Licensing
Department of Banking

Date: November 8, 2010

FOR MORTGAGE PROFESSIONALS, INC.

(Officer Signature)

(Print Officer Name)

(Title)

Date: 11-5-2010