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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

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COMMONWEALTH OF PENNSYLVANIA	:	PA DEPT OF BANKING
DEPARTMENT OF BANKING, BUREAU	:	Docket No. 11 <u>0067</u> (ENF-CO)
OF COMPLIANCE, INVESTIGATION	:	
AND LICENSING	:	
	:	
v.	:	
	:	
GENERATION MORTGAGE COMPANY	:	

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking (“Department”), Bureau of Examinations, conducted an examination of Generation Mortgage Company (“Generation Mortgage”), and its officers, employees and directors. Based on the results of the examination, the Bureau of Compliance, Investigation and Licensing (“Bureau”) believes that Generation Mortgage operated in violation of the Mortgage Licensing Act, 7 Pa. C.S. § 6101 et seq. Generation Mortgage enters into this agreement and order to resolve this matter without litigation and without an admission of wrongdoing. The parties to the above captioned matter, 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. The Mortgage Licensing Act was enacted on November 5, 2008.

4. Generation Mortgage is currently licensed under the Mortgage Licensing Act as a mortgage lender with license 21643 and with the Nationwide Mortgage Licensing System Registry ("NMLSR") identification number of 1319.

5. Generation Mortgage maintains its principal place of business at 3565 Piedmont Road NE, 3 Piedmont Center, Suite 300, Atlanta, Georgia 30305-1538.

6. Generation Mortgage does not currently maintain a licensed branch location in Pennsylvania.

7. On or around July 19, 2010, the Department conducted an off-site examination ("Examination") of Generation Mortgage at the Department's Reading Field Office in Reading, Pennsylvania.

8. During the examination, members of Generation Mortgage's compliance office were available via telephone and email from their location at Generation Mortgage's principal place of business.

9. Generation Mortgage cooperated fully with the Examination and provided all necessary information requested in a timely fashion.

Unlicensed Mortgage Loan Originators

10. The examination revealed that between January 1, 2009 and the Examination, Generation Mortgage accepted thirty nine (39) Pennsylvania residential mortgage applications from multiple individuals ("Unlicensed Individuals") who were not licensed as mortgage loan originators under the Mortgage Licensing Act.

11. As of January 1, 2009, individuals acting as mortgage loan originators in the state of Pennsylvania were required to be licensed as mortgage loan 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).

12. The Mortgage Licensing Act defines a mortgage loan originator as “an individual who takes a mortgage loan application or offers or negotiates terms of a mortgage loan for compensation or gain.” 7 Pa. C.S. § 6102.

13. The Unlicensed Individuals did not submit mortgage loan originator applications to the Department prior to originating the thirty nine (39) Pennsylvania residential mortgages.

14. The Mortgage Licensing Act applies to mortgage loans regardless of their place of execution where the mortgage loan is secured by real property located in Pennsylvania. 7 Pa. C.S. § 6151(1)(iii).

15. Generation Mortgage is in violation of the Mortgage Licensing Act because it accepted thirty-nine (39) mortgage loan applications from the Unlicensed Individuals.

16. Generation Mortgage states that the violations occurred unintentionally.

17. Generation Mortgage told the Department that the company instituted internal control measures to prevent Generation Mortgage from accepting loans from unlicensed mortgage originators.

Authority of the Department

18. 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).

19. 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).

20. 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

21. Generation Mortgage is in violation of Section 6139(a)(14) of the Mortgage Licensing Act by accepting mortgage loan applications from unlicensed loan originators.

RELIEF

22. Fine. Generation Mortgage agrees to pay a fine of nine thousand seven hundred fifty dollars (\$9,750) which shall be due and payable to the Department within 30 days of the Effective Date of this Order. The payment shall be remitted by a 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.

23. Corrective Measures. Upon the Effective Date of the Order, Generation Mortgage shall immediately cease and desist from accepting mortgage loans originated by mortgage loan originators not licensed under the Mortgage Licensing Act when such mortgage loans are secured by real property located in Pennsylvania.

FURTHER PROVISIONS

24. Consent. Generation 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. Generation 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.

25. 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).

26. 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 Generation Mortgage.

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

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

29. Effectiveness. Generation Mortgage hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order (the "Effective Date").

30. 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 Generation Mortgage in the future regarding all matters not resolved by this Order.

b. Generation 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.

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

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

33. 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 Generation Mortgage Company 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: March 31, 2011

FOR GENERATION MORTGAGE COMPANY

(Officer Signature)

(Print Officer Name)

Pi
(Title)

Date: 3/29/11