

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

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

PA DEPT OF BANKING  
Docket No. 110178 (ENF-CO)

v.  
HOMESTEAD OAK, INC.

**CONSENT AGREEMENT AND ORDER**

The Commonwealth of Pennsylvania, acting through the Department of Banking's ("Department"), Bureau of Examination, has conducted an investigation of Homestead Oak, Inc., ("Homestead Oak"), and its officers, employees and directors. Based on the results of the investigation, the Bureau of Compliance and Licensing ("Bureau") believes that Homestead Oak operated in violation of 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. Homestead Oak is currently licensed under the Motor Vehicle Sales Finance Act as an Installment seller, license no. 7749.

4. On or about October 5, 2009, Homestead Oak, Nationwide Mortgage Licensing System (NMLS) Entity Identification number of 200835, filed an application to become a licensed mortgage broker.

5. Homestead Oak failed to provide the documentation required to complete the application and failed to meet any mortgage origination educational or licensing requirements for its employees.

6. Accordingly, Homestead Oak is not licensed by the Department as a Mortgage Broker.

7. Homestead Oak maintains its principal place of business at 14221 Conneaut Lake Road, Meadville, Pennsylvania 16335-8285.

8. Beginning on August 5, 2011 the Bureau of Examinations conducted an investigation leading it to conclude that Homestead Oak brokered and originated mortgages without a broker license and through employees unlicensed as mortgage originators to perform such services.

#### Unlicensed Mortgage Brokering

9. The investigation revealed that Homestead Oak originated six mortgage loans involving Pennsylvania real property from its principle place of business at 14221 Conneaut Lake Road Meadville, Pennsylvania.

10. The Mortgage Licensing Act defines a mortgage broker as “[a] person who engages in the mortgage loan business by directly or indirectly negotiating or placing mortgage loans for others in the primary market for consideration.” 7 Pa. C.S. § 6102.

11. The Mortgage Licensing Act requires that no person shall engage in the mortgage loan business as a mortgage broker in this Commonwealth without being licensed. 7 Pa. C.S. § 6111(a).

12. It is the conclusion of the Bureau that Homestead Oak violated the Mortgage Licensing Act when it conducted the mortgage brokering without a license.

#### Unlicensed Loan Originator

13. The investigation revealed that Homestead Oak accepted six residential mortgage applications from unlicensed mortgage originators subsequent to November 5, 2008.

14. As of November 5, 2008, individuals acting as mortgage loan originators were required to be licensed as mortgage originators pursuant to Section 6111(a) of the Mortgage Licensing Act.

15. It is the conclusion of the Bureau that Homestead Oak violated the Mortgage Licensing Act when it originated mortgage loans subsequent to November 5, 2008 through unlicensed individuals.

#### Authority of the Department

16. 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).

17. Section 6140(a) of the Mortgage Licensing Act provides, in relevant part, that “[a] person subject to the provisions of this chapter and not licensed by the department who violates any provision of this chapter or who commits any action which would subject a license to suspension, revocation or nonrenewal under section 6139 (relating to suspension, revocation or refusal) may be fined by the department up to \$10,000 for each offense.” 7 Pa. C.S. § 6140(a).

## VIOLATIONS

18. It is the position of the Bureau that Homestead Oak violated the Mortgage Licensing Act when it engaged in mortgage brokering without a license and conducted the mortgage loan business through unlicensed mortgage originators after November 5, 2008. 7 Pa. C.S. § 6111(a).

## RELIEF

19. Fine. Homestead Oak agrees to pay a fine of \$3,000.00 which shall be due and payable to the Department in ten installments of \$300.00 each starting on or before October 1, 2011 and ending on or before July 1, 2012. 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 Licensing Division, Bureau of Compliance, Investigation and Licensing, 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

20. Corrective Measures. Upon the effective date of this Order, Homestead Oak shall immediately cease and desist from:

- a. engaging in the mortgage loan business in any manner while unlicensed;
- b. acting as a mortgage broker while unlicensed; and
- c. originating mortgages through person that are not licensed as loan originators and while it itself remains unlicensed as a broker.

## FURTHER PROVISIONS

21. Consent. Homestead Oak 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. Homestead Oak, 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.

22. 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).

23. 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 Homestead Oak.

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

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

26. Effectiveness. Homestead Oak hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order.

27. 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 Homestead Oak in the future regarding all matters not resolved by this Order.

b. Homestead Oak 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.

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

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

30. 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 Homestead Oak 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

\_\_\_\_\_  
Robert E. Knaub, Enforcement Administrator  
Bureau of Compliance, Investigation and Licensing  
Department of Banking

Date: 11/14/11

FOR HOMESTEAD OAK, INC.

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

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

President  
(Title)

Date: 11/10/11