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COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

PA DEPT OF BANKING

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

v.

Docket No. 11 0200 (ENF-CO)

HOWARD HANNA FINANCIAL SERVICES,  
INC. d/b/a HOWARD HANNA MORTGAGE  
SERVICES

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking ("Department"), Bureau of Examinations has conducted an examination of Howard Hanna Financial Services, Inc. d/b/a Howard Hanna Mortgage Services ("HHFS") and its officers, employees and directors. Based on the results of its review, the Bureau of Compliance and Licensing ("Bureau") concluded that HHFS 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. HHFS is a corporation that engages in the mortgage loan business in Pennsylvania as mortgage lender.

4. HHFS's principal place of business is located at 119 Gamma Drive, Pittsburgh, Pennsylvania 15238.

5. HHFS is licensed by the Department as a mortgage lender, Nationwide Mortgage Licensing System and Registry Identification No. 101561, Mortgage Lender License No. 21415.

6. On September 20, 2010, an examiner from the Bureau of Examinations commenced a routine compliance examination of HHFS and, during the examination, reviewed in relevant part, loans funded from November 1, 2008 through September 21, 2010.

7. The purpose of this Order is to resolve the outstanding issues resulting from the September 20, 2010 examination.

### **VIOLATION**

#### Unlicensed Activity

8. During the examination, the examiner found that HHFS made mortgage loans to consumers based on applications it received through third party mortgage brokers.

9. Based on the examiner's findings, the Bureau ascertained that HHFS funded 24 mortgage loans originated by five mortgage originators employed by a licensed mortgage broker between November 8, 2008 and April 20, 2010.

10. Although the mortgage broker was licensed, the mortgage originators that took the applications were not licensed by the Department to engage in the mortgage loan business at the time.

11. As of November 5, 2008, the Mortgage Licensing Act required all mortgage originators to be licensed to engage in the mortgage loan business in Pennsylvania. *See* 7 Pa. C.S. § 6111(a).

12. Because mortgage originators have to be licensed to engage in the mortgage loan business, a mortgage lender that conducts "the mortgage loan business through an unlicensed mortgage originator" violates the Mortgage Licensing Act. *See* 7 Pa. C.S. § 6139(a)(14).

13. A mortgage lender conducts the mortgage loan business through an unlicensed mortgage originator when it offers to make or makes mortgage loans in the ordinary course of business. *See* 7 Pa. C.S. § 6102.

14. By making loans to consumers originated by unlicensed mortgage loan originators, HHFS violated Section 6139(a)(14) of the Mortgage Licensing Act.

15. Subsequent to the examination, HHFS ceased accepting mortgage loans from third party mortgage brokers.

#### **AUTHORITY**

16. The Department has authority to issue orders as may be necessary for the proper conduct of the mortgage loan business by licensees and the enforcement of the Mortgage Licensing Act. 7 Pa. C.S. § 6138(a)(4).

17. The Department may fine a person that commits any action which would subject the licensee to suspension, revocation or nonrenewal under Section 6139 up to \$10,000 per offense. 7 Pa. C.S. § 6140(b).

18. Because HHFS violated Section 6139(a)(14) of the Mortgage Licensing Act, the Department has the authority to fine up to \$10,000 per offense.

## **RELIEF**

19. Fine. Within 30 days of the Effective Date of this Order, as defined in Paragraph 26, HHFS shall pay the Department a fine in the amount of \$3,000. Payments shall be made by certified check or money order payable to the Department of Banking. The fine payment shall be mailed or delivered to the attention of: Non-Depository Institutions, Bureau of Compliance and Licensing, Department of Banking, 17 North Second Street, Suite 1300, Harrisburg, PA 17101.

20. Corrective Action. Upon the Effective Date of this Order, HHFS shall not fund mortgage loans originated by persons not licensed by the Department as mortgage originators.

## **FURTHER PROVISIONS**

21. Consent. HHFS 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 therein. HHFS, 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 HHFS.

24. Binding Nature. The Department and HHFS 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. HHFS hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order ("Effective Date").

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 HHFS, in the future regarding all matters not resolved by this Order.

b. HHFS 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 and by facsimile or electronic mail in portable document format "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 Commonwealth of Pennsylvania, Department of Banking, Bureau of Compliance and Licensing and Howard Hanna Financial Services, Inc. d/b/a Howard Hanna Mortgage Services intending to be legally bound, do hereby execute this Consent Agreement and Order.

FOR THE COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING, BUREAU OF  
COMPLIANCE AND LICENSING

Mark D. Steele Administrator  
Bureau of Compliance and Licensing  
Department of Banking

Date: 12-16-2011

FOR HOWARD HANNA FINANCIAL SERVICES, INC.  
d/b/a HOWARD HANNA MORTGAGE SERVICES

(Officer Signature)

Mark D. Steele

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

\_\_\_\_\_  
President

(Title)

Date: December 16, 2011