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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

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Docket No. 11 0130 (ENF-CO)

v.

PRINCETON MORTGAGE CORPORATION
d/b/a 1st SENIOR HOME PROTECTION

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking ("Department"), Bureau of Examinations has conducted an examination of Princeton Mortgage Corporation d/b/a 1st Senior Home Protection ("Princeton Mortgage") and its officers, employees and directors. Based on the results of its review, the Bureau of Compliance, Investigation and Licensing ("Bureau") concluded that Princeton Mortgage operated in violation of the Mortgage Licensing Act, 7 Pa. C.S. § 6101 *et seq.* and the regulations entitled "Proper Conduct of Lending and Brokering in the Mortgage Loan Business," 10 Pa. Code §§ 46.1-46.3 ("Regulations"). 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. Princeton Mortgage is a mortgage lender that engages in the mortgage loan business in the Commonwealth. *See* 7 Pa. C.S. § 6151.
4. Princeton Mortgage's principal place of business is located at 2482 Pennington Road, Suite 1, Pennington, New Jersey 08534.
5. Princeton Mortgage is licensed by the Department, Mortgage Lender License No. 21055 and Nationwide Mortgage Licensing System and Registry Identification ("NMLS") No. 113856.
6. As a mortgage lender, Princeton Mortgage must "[m]aintain supervision and control of and *responsibility for* the acts and omissions of all mortgage originators" that it employs. *See* 7 Pa. C.S. § 6121(13)(i) (emphasis added); *see also* 7 Pa. C.S. § 6131(f)(1).
7. On January 7, 2011, the Bureau of Examinations commenced an examination of Princeton Mortgage at its principal place of business.
8. The examiner reviewed a portion of the mortgage loan files originated by Princeton Mortgage between November 1, 2009 and December 31, 2010.
9. As a result of the examination, the examiner found that Princeton Mortgage violated the Mortgage Licensing Act and the Regulations as set forth below.

VIOLATIONS

Unlicensed Activity

10. First, the examiner found that Princeton Mortgage allowed three of the mortgage loan originators it employs to originate loans secured by real property located in Pennsylvania without being licensed by the Department.

11. Section 6111(a) of the Mortgage Licensing Act provides that “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.” 7 Pa. C.S. § 6111(a).

12. The Mortgage Licensing Act applies to “[a]ny mortgage loan which is . . . notwithstanding the place of execution, secured by real property located in this Commonwealth.” 7 Pa. C.S. § 6151(1)(iii).

13. By permitting its loan originators to originate loans involving real property located in Pennsylvania without a license, Princeton Mortgage violated Section 6111(a) of the Mortgage Licensing Act.

Unique Identifier Missing From Applications

14. Second, the examiner found that Princeton Mortgage did not require its mortgage originators display their unique identifier on nine mortgage loan applications originated on its behalf.

15. Section 6121(14) of the Mortgage Licensing Act provides that “[a] licensee shall do all of the following . . . [i]n the case of a mortgage originator, clearly display the mortgage originator’s unique identifier on all mortgage loan application forms and personal solicitations or advertisements, including business cards.” 7 Pa. C.S. § 6121(14).

16. By failing to require its mortgage originators to display their unique identifiers on the mortgage loan applications, Princeton Mortgage violated Section 6121(14) of the Mortgage Licensing Act.

Appraisal Request Forms

17. Third, the examination revealed that Princeton Mortgage originated four mortgage loan files that contained Appraisal Request Forms which stated an estimated mortgage loan amount needed for the appraisal so that the mortgage loan transaction could be completed.

18. The Regulations provide that, “[a] licensee may not . . . [i]mproperly influence, or attempt to improperly influence . . . [a]n appraiser by committing any act or omission that is intended to . . . [c]ompromise the independent judgment of an appraiser [or] [e]nsure that an appraisal matches a requested or target value.” 10 Pa. Code § 46.2(j)(8)(i)(A-B).

19. By providing the estimated value of the property in the Appraisal Request Form that was sent to the appraiser, Princeton Mortgage violated 10 Pa. Code § 46.2(j)(8)(i)(A-B).

AUTHORITY

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

21. The Department may fine a licensee or any “director, officer, owner, partner, employee or agent of a licensee” who violates the Mortgage Licensing Act or “commits any action which would subject the licensee to suspension, revocation or nonrenewal under section 6139” up to “\$10,000 for each offense.” 7 Pa. C.S. § 6140(b).

22. Failure to comply with the Department’s regulations could result in suspension, revocation or nonrenewal of a license. 7 Pa. C.S. § 6139(a)(2).

23. Thus, the Department may issue this Order and impose a fine against Princeton Mortgage for violating the Mortgage Licensing Act and the Regulations.

RELIEF

24. Fine. Within 30 days of the effective date of this Order, as defined in Paragraph 31, Princeton Mortgage shall pay the Department a fine in the amount of \$1,500. The fine shall be remitted by certified check or money order made payable to the "Department of Banking" and be sent to the attention of: Non-Depository Institutions, Bureau of Compliance, Investigation and Licensing, Department of Banking, 17 North Second Street, Suite 1300, Harrisburg, PA 17101.

25. Corrective Action. Upon the effective date of this Order, as defined in Paragraph 31, Princeton Mortgage shall:

- a. Cease and desist from employing unlicensed mortgage loan originators to originate loans in the Commonwealth; and
- b. Cease and desist from attempting to improperly influence appraisers by committing any act intended to ensure that an appraisal matches a requested value or otherwise violate 10 Pa. Code § 46.2(j)(8)(i); and
- c. Display its mortgage originators' unique identifiers on all mortgage loan application forms, personal solicitations and advertisements including business cards.

FURTHER PROVISIONS

26. Consent. Princeton 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 therein. Princeton 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.

27. 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).

28. 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 Princeton Mortgage.

29. Binding Nature. The Department and Princeton Mortgage, and its officers, employees, and directors intend to be and are legally bound by the terms of this Order.

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

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

32. 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 Princeton Mortgage, in the future, regarding all matters not resolved by this Order.

b. Princeton 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.

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

34. Counterparts. This Order may be executed in separate counterparts and by facsimile or electronic mail in portable document format "PDF."

35. 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, Investigation and Licensing and Princeton Mortgage Corporation d/b/a 1st Senior Home Protection, 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 Talala, Administrator
Bureau of Compliance, Investigation and Licensing
Department of Banking

Date: 7-6-2011

**FOR PRINCETON MORTGAGE CORPORATION d/b/a
1st SENIOR HOME PROTECTION**

(Officer Signature) _____

(Print Officer Name) **JAMES T. GUGGENHEIM
DIRECTOR OF LENDING**

(Title) _____

Date: 7/6/11