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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.

CAPITAL FINANCIAL MORTGAGE CORP.

Docket No. 120001 (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 Capital Financial Mortgage Corp. ("Capital Financial Mortgage") and its officers, employees and directors. Based on the results of its review, the Bureau of Compliance and Licensing ("Bureau") has concluded that Capital Financial Mortgage violated the Mortgage Licensing Act, 7 Pa. C.S. §§ 6101 – 6154 and the regulations known as the 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. Capital Financial Mortgage is a mortgage lender with a principal place of business located at 215 Kedron Avenue, Folsom, Pennsylvania 19033.

4. Capital Financial Mortgage is licensed as a mortgage lender, National Mortgage Licensing System and Registry No. 141553, Mortgage Lender License No. 21491.

5. On November 18, 2010, the Bureau of Examinations, through an examiner, commenced an examination of Capital Financial Mortgage at its principal place of business.

VIOLATIONS

Advertising: Required Language

6. During the examination, the examiner found that Capital Financial Mortgage advertises its loan products through its website but did not include on its website that it is licensed by the Department.

7. Section 6135(a)(5) of the Mortgage Licensing Act provides, in relevant part, that "each licensee shall include in all advertisements language indicating that the licensee is licensed by the department." 7 Pa. C.S. § 6135(a)(5).

8. By failing to include on its website that it is licensed by the Department, Capital Financial Mortgage violated Section 6135(a)(5) of the Mortgage Licensing Act.

Pennsylvania Consumer Disclosure Forms

9. The examiner also found that, of the mortgage loan files he reviewed, Capital Financial Mortgage did not provide the consumer disclosure form to mortgage applicants.

10. The Regulations require licensees to issue a disclosure form prescribed by the Department within three business days after a mortgage loan application is received or prepared by the licensee. 10 Pa. Code § 46.2(c).

11. Further, the Regulations require licensees to have applicants sign and date the disclosure form within 10 business days after delivery or mailing and to retain the original executed disclosure form in the applicant's loan file. *See* 10 Pa. Code § 46.2(e).

12. By failing to comply with the Regulations, Capital Financial Mortgage committed an act defined in Section 6139(a)(2) of the Mortgage Licensing Act, 7 Pa. C.S. § 6139(a)(2), which authorizes the Department to institute an enforcement action against Capital Financial Mortgage's license.

AUTHORITY

13. The Department has broad authority to issue orders for the proper conduct of the mortgage loan business and the enforcement of the Mortgage Licensing Act. 7 Pa. C.S. § 6138(a)(4).

14. The Mortgage Licensing Act authorizes the Department to fine a licensee up to "\$10,000 for each offense" or who commits any action which would "subject the licensee to suspension, revocation or nonrenewal under section 6139." *See* 7 Pa. C.S. § 6140(b).

15. Because Capital Financial Mortgage violated Section 6135(a)(5) of the Mortgage Licensing Act and the Regulations, the Department has the authority to issue an Order and impose a fine against it.

RELIEF

16. Fine. Within 30 days of the effective date of this Order as defined in Paragraph 23, Capital Financial Mortgage shall pay the Department a fine in the amount of \$1,250. Payments shall be remitted by certified check or money order made payable to the Department of Banking. The fine payment shall be sent to the attention of: Non-Depository Institutions, Bureau

of Compliance and Licensing, Department of Banking, 17 North Second Street, Suite 1300, Harrisburg, PA 17101.

17. Corrective Action. Upon the effective date of this Order as defined in Paragraph 23, Capital Financial Mortgage shall ensure that its website and other advertising indicate that it is licensed by the Department. Further, Capital Financial Mortgage shall provide the consumer disclosure forms to loan applicants within three business days after it receives or prepares the applications. Capital Financial shall have the applicants sign and date the forms and return them to Capital Financial Mortgage within 10 days after delivery or mailing. Capital Financial Mortgage shall retain the original executed disclosure forms in the applicants' loan files.

FURTHER PROVISIONS

18. Consent. Capital Financial 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. Capital Financial 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.

19. 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).

20. 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 Capital Financial Mortgage.

21. Binding Nature. The Department and Capital Financial Mortgage intend to be and are legally bound by the terms of this Order.

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

23. Effectiveness. Capital Financial Mortgage hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order.

24. 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 Capital Financial Mortgage, in the future regarding all matters not resolved by this Order.

b. Capital Financial 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.

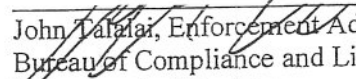
25. Authorization. The parties below are authorized to execute this Order and legally bind their respective parties.

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

27. 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.

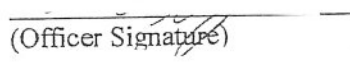
WHEREFORE, in consideration of the foregoing, including the recital paragraphs, the Commonwealth of Pennsylvania, Department of Banking, Bureau of Compliance and Licensing and Capital Financial Mortgage Corp., intending to be legally bound, do hereby execute this Consent Agreement and Order.

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


John Talafai, Enforcement Administrator
Bureau of Compliance and Licensing
Department of Banking

Date: 1-18-2012


FOR CAPITAL FINANCIAL MORTGAGE CORP.


(Officer Signature)

(Print Officer Name)

President
(Title)

Date: 1/18/12