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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

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PA DEPT OF BANKING

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

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: Docket No. 12 0093 (ENF-CO)
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v.

CORNERSTONE LENDING, INC.

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Bureau of Examinations has conducted an examination of Cornerstone Lending, Inc. ("Cornerstone Lending") and its officers, employees and directors. Based on the results of its review, the Bureau of Compliance and Licensing ("Bureau") concluded that Cornerstone Lending operated in violation of the Mortgage Licensing Act ("MLA"), 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 MLA.
2. The Bureau is primarily responsible for administering and enforcing the MLA for the Department.

3. Cornerstone Lending is a corporation that engages in the mortgage loan business in Pennsylvania as mortgage broker.

4. Cornerstone Lending is licensed by the Department as a mortgage broker, Nationwide Mortgage Licensing System and Registry Identification No. 132234, Mortgage Broker License No. 21615.

5. Cornerstone Lending's principal place of business is located at 720 2nd Street Pike, Suite 104, Southampton, PA 18966.

6. On August 21, 2012, an examiner from the Bureau of Examinations commenced a routine compliance examination of Cornerstone Lending upon which the Bureau's position is based.

7. The purpose of this Order is to resolve the outstanding issues resulting from the August 21, 2012 examination.

VIOLATIONS

8. The Bureau concluded based on the examination that the signature of the licensed mortgage loan originator on a consumer's mortgage loan application was, on several occasions, placed on the application by another employee.

9. Cornerstone Lending is required to directly supervise and control, and take responsibility for, the acts and omissions of all mortgage originators employed by the licensee. 7 Pa. C.S. §§ 6121(13)(i); 6131(f)(1).

10. The MLA further provides that the Department may suspend, revoke or refuse to renew a license issued under this chapter if an entity violates any provision of the MLA, engages in a dishonest act, or demonstrates negligence or incompetence in performing an act for which the licensee is required to hold a license under this chapter. 7 Pa. C.S. § 6139(a)(2), (3), (10).

11. It is the conclusion of the Bureau that Cornerstone Lending failed to properly supervise and control its employees thereby allowing them to sign mortgage loan applications in the name of the licensed originator who should have signed the application himself.

12. It is the conclusion of the Bureau that Cornerstone Lending committed an act of negligence, incompetence or dishonesty when it allowed employees to sign mortgage loan applications in the name of the licensed originator rather than requiring loan originators to sign the loan applications they originated.

AUTHORITY

13. 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).

14. Section 6139 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 an owner has "failed to comply with or violated any provision of this chapter. ..." and if "a mortgage broker, mortgage lender or mortgage loan correspondent, conducted the mortgage loan business through an unlicensed mortgage originator." 7 Pa. C.S. § 6139(a)(2) and (a)(14).

15. 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).

RELIEF

16. Fine. Within thirty days (30) of the effective date of this Order as set forth in paragraph 23, Cornerstone Lending agrees to pay to the Department a fine of one thousand dollars (\$1,000). The fine payment shall be remitted by certified check or money order made payable to the Pennsylvania Department of Banking and Securities, and sent to the attention of: Pennsylvania Department of Banking and Securities, Non-Depository Institutions, Bureau of Compliance and Licensing, 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

17. Corrective Action. Upon the effective date of this Order, Cornerstone Lending shall ensure that all mortgage loan applications are signed by the mortgage loan originator who originates the application.

FURTHER PROVISIONS

18. Consent. Cornerstone Lending hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau's order authority under the MLA and agrees that it understands all of the terms and conditions contained therein. Cornerstone Lending, 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 Cornerstone Lending.

21. Binding Nature. The Department and Cornerstone Lending 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. Cornerstone Lending 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 Cornerstone Lending, in the future regarding all matters not resolved by this Order.

b. Cornerstone Lending 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 and Securities, Bureau of Compliance and Licensing and Cornerstone Lending intending to be legally bound, do hereby execute this Consent Agreement and Order.

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

John Talalai, Enforcement Administrator
Bureau of Compliance and Licensing
Department of Banking and Securities

Date: 11-6-2012

FOR CORNERSTONE LENDING, INC.

(Officer Signature)

CHRIS BONNER

(Print Officer Name)

OWNER

(Title)

Date: 10/29/12