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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 AND LICENSING

v.

LOVE HOMES, INC. and  
LAWRENCE W. HIGGINS, Individually

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DOCKET No. 120027 (ENF-ORD)  
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**CONSENT AGREEMENT AND ORDER**

The Commonwealth of Pennsylvania, acting through the Department of Banking, (the "Department"), Bureau of Compliance and Licensing, (the "Bureau") has investigated the business practices Love Homes, Inc., and its officers, employees and directors (collectively "Love Homes, Inc."). Based on the results of its investigation, the Bureau believes that Love Homes, Inc. operated in violation of the Motor Vehicle Sales Finance Act (the "MVSFA"), 69 P.S. § 601 *et seq.* and in violation of the Mortgage Licensing Act (the "MLA"), 7 Pa.C.S. § 6101 *et seq.* The parties to the above-captioned matter, to avoid litigation, and intending to be legally bound, hereby agree to the terms of this Consent Agreement and Order (the "Order").

**BACKGROUND**

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the Motor Vehicle Sales Finance Act (the "MVSFA"), 69 P.S. § 601 *et seq.*

2. The Bureau of Compliance and Licensing ("Bureau") is primarily responsible for administering and enforcing the MVSFA and the MLA for the Department.

3. Section 37.1 of the MVSFA grants the Department the authority to issue orders as may be necessary for the enforcement of the MVSFA, 69 P.S. § 637.1.

4. Section 6138(4) of the MLA grants the Department the authority to issue orders for the proper conduct of the mortgage loan business and enforcement of the MLA, 7 Pa. C.S. § 6138(4).

5. Love Homes, Inc. is a Pennsylvania business corporation located at 4440 South Cedarbrook Road, Allentown, Pennsylvania 18103-6002.

6. Lawrence W. Higgins is the President and 100% owner of Love Homes, Inc.

7. Love Homes, Inc.'s primary business is the sale of manufactured or modular homes as that term is defined in the MLA. 7 Pa. C.S. § 6102.

8. Love Homes, Inc. is currently licensed as an installment seller, license no. 3009 and as a sales finance company, license no. 0424 under the MVSFA.

9. Love Homes, Inc. is also licensed by the Department of State as a Vehicle Dealer license number VD016394L.

10. Lawrence W. Higgins is licensed as a Vehicle Salesperson license number MV010932L.

11. Neither Lawrence W. Higgins, nor any of Love Homes, Inc.'s employees were licensed as mortgage originators under the MLA as required to secure financing from third parties for consumers for manufactured homes. 7 Pa. C.S. §§ 6111 and 6112(13)(i)-(iv).

12. Love Homes, Inc. did not post a surety bond required by the MLA in the amount of \$50,000 for installment sellers engaged in mortgage origination. 7 Pa. C.S. §§ 6112(13)(iii)(B) and 6131(f)(4).

13. Love Homes, Inc. was not registered with the Department as an installment seller, as required by the MLA to engage in the mortgage broker or lender business without a mortgage broker license, under the exceptions provided by the MLA. 7 Pa. C.S. § 6111(13)(ii).

14. On March 6, 2012, the Department of Banking issued an Order to Show Cause against Love Homes, Inc. and Lawrence W. Higgins, which order would impose a fine and would revoke the installment sellers and sales finance company licenses of Love Homes, Inc.

### ALLEGATIONS

15. On December 28, 2010, Love Homes, Inc. entered into a Consent Agreement and Order, Docket No. 100305 (ENF-CO), guaranteed by Lawrence W. Higgins, with the Department to resolve alleged violations of the MLA and the MVSFA related to a transaction with consumer .

16. In that Consent Agreement and Order, Love Homes, Inc. agreed, and Lawrence W. Higgins guaranteed, payment to consumer of her down payment of \$16,500, plus \$1250 for the time value of money lost, by April 15, 2011.

17. As of the date of this Order, Love Homes, Inc. and Lawrence W. Higgins failed to refund \$9,000 of the \$17,750 to consumer .

18. On December 13, 2010, the Department conducted a compliance examination of Love Homes, Inc. which resulted in a letter agreement and order dated April 28, 2011, between the Department and Love Homes, Inc., wherein Love Homes, Inc. agreed to refund deposits to six consumers.

19. As of the date of this Order, Love Homes, Inc. and Lawrence W. Higgins violated the letter agreement by failing to refund all deposits to those consumers, and continue to owe \$2,000 each to consumers and .

20. In June 2011, consumer [redacted] paid Love Homes, Inc. a \$25,000 cash down payment for a manufactured home.

21. Love Homes, Inc. did not escrow the deposit, did not finance the remainder of the cost of the manufactured home, did not deliver the manufactured home, and did not identify any actual, consequential or incidental damages that would entitle Love Homes, Inc. and Lawrence W. Higgins to retain the money.

22. Love Homes, Inc. failed to return any portion of the deposit made by consumer [redacted], despite a demand to do so.

#### APPLICABLE LAW

23. The MVSFA provides “[t]he department, upon thirty (30) days' written notice to the licensee, forwarded by registered mail to the place of business of such licensee, as shown in the application for license or as amended on the license certificate in case of change of address subsequent to issuance of the license certificate, may revoke or suspend any license if it finds that: . . . (14) *The licensee has engaged in unfair, deceptive, fraudulent or illegal practices or conduct in connection with any business regulated under this act.*” (emphasis added) 69 P.S. § 610.A.14.

24. It is the Bureau’s position that Love Homes, Inc. acted in an unfair, deceptive, and fraudulent manner when it accepted down payments from consumers and failed to return those down payments as required by the written contract for which a penalty, or revocation of a license, can be imposed.

25. It is the position of the Bureau that Love Homes, Inc. and Lawrence W. Higgins, as guarantor, failed to meet their obligations under the Consent Agreement and Order dated December 28, 2010 by failing to make full refund to consumer [redacted], and by Love Homes, Inc.

continuing to take unwarranted deposits without properly safeguarding that deposit for its proper return in the event of a cancellation or termination of the transaction.

26. The MVSFA provides that “[a] licensee under this act shall not collect any charge whatsoever in connection with a contemplated sale of a motor vehicle under an installment sale contract, if such contract is not consummated: Provided, however, that nothing contained herein shall affect the legal status of a deposit paid by a prospective buyer to a seller as a binder on the contemplated purchase of a motor vehicle.” 69 P.S. § 631.B.

27. It is the position of the Bureau that many of the deposits exceeded an amount that could be considered a binder, and was therefore unlawful to collect at the outset, for which a penalty can be assessed.

28. The MVSFA grants the Department the authority to impose a civil penalty of \$2,000 for each violation or activity that could also result in a license suspension or revocation. 69 P.S. § 637.D.

29. The MVSFA grants the Department the authority to issue orders as may be necessary for the enforcement of the MVSFA. 69 P.S. § 637.1.

30. The MLA requires a surety bond in the amount of \$50,000 for motor vehicle installment sellers to originate loans without which a fine of \$10,000 may be imposed. 7 Pa. C.S. §§ 6112(13)(iii)(B), 6131(f)(4), and 6140(a).

31. It is the position of the Bureau that the failure of Love Homes, Inc. to have a surety bond to originate mortgages for the manufactured homes it sold would permit the imposition of a fine for those instances where Love Homes, Inc. was involved in securing financing or represented that it would secure financing.

32. The MLA requires the registration of installment sellers engaged in the brokering of mortgages and a violation of that requirement may result in a fine of \$10,000. 7 Pa. C.S. §§ 6111(13)(ii) and 6140(a).

33. It is the position of the Bureau that the failure of Love Homes, Inc. to be registered as an installment seller engaged in the brokering of mortgages would allow the imposition of a fine under the MLA for those instances where Love Homes, Inc. was involved in securing financing or represented that it would secure financing.

#### **RELIEF**

34. Restitution. Love Homes, Inc. and Lawrence W. Higgins, as guarantor, agree to complete the payment of restitution to consumer \_\_\_\_\_ in the amount of \$9,000, to make payment of restitution to consumer \_\_\_\_\_ in the amount of \$25,000; to make restitution to consumer \_\_\_\_\_ in the amount of \$2,000 and consumer \_\_\_\_\_ in the amount of \$2,000. Repayment will be complete to each of these consumers within twelve months from the date of this agreement.

35. Love Homes, Inc. agrees to provide copies of the refund checks or other proof of payment to Ryan Walsh, Administrator, Bureau of Compliance and Licensing at 17 North Second Street, Suite 1300, Harrisburg, PA 17101 upon issuance.

36. Guarantor. Lawrence W. Higgins enters into this agreement as a guarantor of the obligation of Love Homes, Inc. to pay restitution to each of the aforementioned consumers. The Department does not waive its right to pierce the corporate veil of Love Homes, Inc., if it becomes necessary to do so.

37. Revocation. Love Homes, Inc. agrees to the revocation of its licenses under the MVSFA as a motor vehicle installment seller license number 3009, and as a sales finance company, license no. 0424 as of the effective date of this Order.

#### **FURTHER PROVISIONS**

38. Consent. Love Homes, Inc. hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau's order authority under the MVSFA, and agrees that it understands all of the terms and conditions contained herein. Love Homes, Inc. 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.

39. Lawrence W. Higgins, insofar as he is the guarantor of the identified restitution, hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau's order authority under the MVSFA, and agrees that he understands all of the terms and conditions contained herein.

40. Consumer's Rights. This Order shall not limit or impair a consumer's rights under Section 35 of the MVSFA. 69 P.S. § 635. Nothing in this Order limits the ability of a consumer to pursue any remedy or enforcement of that remedy provided to the consumer under any other provision of law.

41. Publication and Release. 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).

42. 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, Love Homes, Inc., and Lawrence W. Higgins.

43. Binding Nature. The Department, Love Homes, Inc., and all officers, owners, directors, employees, heirs and assigns of Love Homes, Inc. intend to be and are legally bound by the terms of this Order.

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

45. Effectiveness. Love Homes, Inc. and Lawrence W. Higgins hereby stipulate and agree that the Order shall become effective on the date that the Bureau executes the Order.

46. 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 Love Homes, Inc. and Lawrence W. Higgins in the future regarding all matters not resolved by this Order. This agreement does not resolve consumer issues that are not within the Department's knowledge as of the effective date as defined in paragraph 45 which may or may not exist and the Department specifically reserves the right to address any such issues separately.

(b) Love Homes, Inc. and Lawrence W. Higgins acknowledge and agree 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.

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

47. Counterparts. This Order may be executed in separate counterparts and by facsimile.

48. Titles. The titles used to identify the paragraphs of this document are for 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 Love Homes, Inc. and Lawrence W. Higgins, as guarantor, 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**

\_\_\_\_\_  
Ryan M. Walsh, Administrator  
Bureau of Compliance and Licensing  
Department of Banking

Date: July 26, 2012

**FOR LOVE HOMES, INC.**

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

\_\_\_\_\_  
(Printed Officer Name)

\_\_\_\_\_  
(Title) President

Date: July 19, 2012

**FOR LAWRENCE W. HIGGINS, as Guarantor**

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Date: July 19, 2012