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DEPARTMENT OF BANKING AND SECURITIES

PA DEPT OF BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES, BUREAU OF COMPLIANCE AND LICENSING	
v.	**Docket No. 130003 (ENF-CO)**
AMERICAN ROYAL MORTGAGE CORP.	

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 American Royal Mortgage Corp. ("American Royal Mortgage") and its officers, employees and directors. Based on the results of its review, the Bureau of Compliance and Licensing ("Bureau") concluded that American Royal Mortgage 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. American Royal Mortgage is a corporation that engages in the mortgage loan business in Pennsylvania as mortgage broker.

4. American Royal Mortgage is licensed by the Department as a mortgage broker, Nationwide Mortgage Licensing System and Registry Identification No. 35321, Mortgage Broker License No. 24533.

5. American Royal Mortgage's principal place of business is located at 100 Wood Avenue South, Suite 123, Iselin, NJ 08830

6. On July 30, 2012, an examiner from the Bureau of Examinations commenced a routine compliance examination of American Royal Mortgage upon which the Bureau's position is based.

7. The examiner determined that American Royal Mortgage issued twenty-six (26) lock-in agreements while licensed as a mortgage broker.

8. The purpose of this Order is to resolve the outstanding issues resulting from the July 30, 2012 examination.

VIOLATIONS

Interest Rate Lock-In Agreements

9. A lock-in agreement is defined in the MLA as "[a]n agreement between a mortgage lender and a consumer whereby the mortgage lender guarantees, until a specified date, the availability of a specified rate of interest or specified formula by which the rate of interest and a specific number of discount points will be determined, if the mortgage loan is approved and closed by the specified date. If a specified date is not determinable, the mortgage lender may fulfill the requirement of this definition by setting forth with specificity the method by which the duration of the lock-in period will be determined." 7 Pa.C.S. § 6102.

10. The MLA provides, in relevant part, that "[a] licensee engaging in the mortgage loan business shall not…*[i]n the case of a mortgage broker* or mortgage originator, commit to close or close mortgage loans in its own name, service mortgage loans, *enter into lock-in agreements or collect lock-in fees* or be or designate the exclusive recipient of notices or other communications sent from a lender or services to a consumer, provided, however, that a mortgage broker or mortgage originator can provide a lender's lock-in agreement to a consumer on behalf of that lender and collect lock-in fees payable to that lender on that lender's behalf." 7 Pa. C.S. § 6123(7) (emphasis added).

11. By inadvertently entering into lock-in agreements with its customers while licensed as a mortgage broker, American Royal Mortgage violated the MLA.

AUTHORITY

12. 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 MLA. *See* 7 Pa. C.S. § 6138(a)(4).

13. The Department may fine a licensee that commits an action which would subject it to suspension, revocation or nonrenewal under 7 Pa. C.S. § 6139 up to $10,000 per offense. *See* 7 Pa. C.S. § 6140(b).

RELIEF

14. Fine. American Royal Mortgage agrees to pay to the Department a fine of one thousand dollars ($1,000). The fine shall be remitted in four (4) monthly payments of two hundred fifty dollars ($250) per month. The first payment of two hundred fifty dollars ($250) is due within thirty (30) days of the Effective Date as defined below, with the remaining monthly payments due accordingly. The fine payments 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. 2nd St., Ste 1300, Harrisburg, PA 17101.

15. Corrective Action. Upon the Effective Date of this Order, American Royal Mortgage shall ensure that no interest rate lock-in agreements are issued to PENNSYLVIA borrowers unless American Royal Mortgage is properly licensed as a mortgage lender.

FURTHER PROVISIONS

16. Consent. American Royal Mortgage 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. American Royal 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.

17. 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).

18. 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 American Royal Mortgage.

19. Binding Nature. The Department and America Royal Mortgage intend to be and are legally bound by the terms of this Order.

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

21. Effectiveness. American Royal Mortgage hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order.

22. 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 American Royal Mortgage, in the future regarding all matters not resolved by this Order.

b. American Royal 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.

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

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

25. 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 American Royal Mortgage Corp. intending to be legally bound, do hereby execute this Consent Agreement and Order.

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

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

Date: 1-3-13

FOR AMERICAN ROYAL MORTGAGE CORP.

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(Officer Signature)

HITESH K KADAKIA

(Print Officer Name)

PRESIDENT

(Title)

Date: 12-28-12