

FILED

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING AND SECURITIES 2013 APR -2 PM 3:12

PA DEPARTMENT OF  
BANKING AND SECURITIES

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

v.

Docket No.: 13 0031 (ENF-ORD)

HOME OWNER PROTECTION ECONOMICS

NOTICE OF RIGHT TO APPEAL AND HEARING

You have the right to appeal the attached Order within **10 days** of the date of the Order as provided in 1 Pa. Code § 35.20. To appeal the Order, you must file a petition, in writing, with the Docket Clerk as set forth below. **If the Docket Clerk does not receive your petition within 10 days, you will waive your right to a hearing and the Order will be deemed final.**

The petition must be in writing, state clearly and concisely your grounds of interest in the subject matter, the facts you rely upon, the law you rely upon, and the relief you seek as required by 1 Pa. Code §35.17.

The petition and all other documents relating to this matter must be filed with the Docket Clerk:

Linnea Freeberg, Docket Clerk  
Department of Banking and Securities  
17 North Second Street, Suite 1300  
Harrisburg, PA 17101

Further, you must serve a copy of the petition on the person who signed the attached Order by providing a copy to their counsel set forth below:

Sharon M. Williams  
Assistant Counsel  
Department of Banking and Securities  
17 North Second Street, Suite 1300  
Harrisburg, PA 17101

Once you file your petition, you will be notified of pertinent information such as the name of the presiding officer designated by the Banking and Securities Commission to hear this matter and, if a hearing is scheduled, the date, time and location of the hearing. You have the right to be represented by an attorney.

All procedural matters will be governed by the Pennsylvania Administrative Agency Law, 2 Pa. C.S. §§501-508, 701-704, and the General Rules of Administrative Practice and Procedure, 1 Pa. Code §§31.1-35.251.



mortgage originator is employed and supervised by a licensed mortgage broker, mortgage lender or mortgage loan correspondent. . .” 7 Pa. C.S. § 6111(a); and

**WHEREAS**, Home Owner Protection Economics (“HOPE”) held itself out as a mortgage loan modification company; and

**WHEREAS**, the address of record for HOPE is 1801 S. Federal Highway, Suite 247, Delray Beach, FL 33483; and

Unlicensed Activity

**WHEREAS**, on or around December 9, 2010, the Department became aware of a complaint from a Pennsylvania consumer regarding HOPE; and

**WHEREAS**, the Department currently has received one complaint from a Pennsylvania consumer (“Pennsylvania Consumer”) regarding HOPE; and

**WHEREAS**, the Pennsylvania Consumer engaged the services of HOPE for the purpose of obtaining a mortgage loan modification; and

**WHEREAS**, HOPE is not licensed to engage in the mortgage loan business in Pennsylvania as a mortgage broker, mortgage lender or mortgage loan correspondent, see 7 Pa.C.S. § 6102, 6111(a); and

**WHEREAS**, HOPE does not meet any of the exceptions to licensure in Sections 6111(b) and 6112 of the MLA, *see* 7 Pa. C.S. §§ 6111(b), 6112; and

**WHEREAS**, by offering and/or negotiating mortgage loan modifications to at least one Pennsylvania consumer, HOPE is actively engaged in and holding themselves out as being engaged in the “mortgage loan business” as defined in the MLA, *see* 7 Pa.C.S. § 6102, 6111(a); and

**WHEREAS**, the employees of HOPE that conduct the mortgage loan modification negotiations with third party lenders on behalf of consumers are not licensed as mortgage originators pursuant to the MLA and do not meet any exception to licensure, *see* 7 Pa. C.S. § 6102, 6111(a), 6112; and

**WHEREAS**, HOPE has violated the MLA by engaging in the mortgage loan business in Pennsylvania without a license; and

Advance Fees

**WHEREAS**, Section 6102 of the MLA defines an “advance fee” as “[a]ny funds requested by or to be paid to a person in advance of or during the processing of a mortgage loan application, excluding those fees paid by a consumer directly to a credit agency reporting bureau, title company or real estate appraiser.” 7 Pa. C.S. § 6102; and

**WHEREAS**, the Pennsylvania Consumer received a mailing from HOPE advertising a reduction in the interest rate of a current mortgage; and

**WHEREAS**, the Pennsylvania Consumer, contacted HOPE for loan modification services regarding a Pennsylvania residential property; and

**WHEREAS**, the Pennsylvania Consumer entered into a contract with HOPE for the loan modification services for the Pennsylvania residential property; and

**WHEREAS**, the Pennsylvania Consumer’s contract required a payment of fees in advance of services being rendered by HOPE; and

**WHEREAS**, those advance fees are connected to the mortgage loan business; and

**WHEREAS**, the MLA requires those collecting advance fees related to the mortgage business to obtain specific bond coverage for the use of the Commonwealth or any consumer injured by the acts or omissions of the mortgage licensee, *see* 7 Pa. C. S. § 6131; and

**WHEREAS**, HOPE had not obtained this bond; and

**WHEREAS**, the Pennsylvania Consumer made the required advance payments to HOPE; and

**WHEREAS**, by charging advance fees without obtaining the proper bond, HOPE has violated the MLA; and

Authority

**WHEREAS**, Section 6138(a)(4) of the MLA provides the Department with authority to issue orders as may be necessary for the proper conduct of the mortgage loan business and the enforcement of the MLA. 7 Pa. C.S. § 6138(a)(4); and

**WHEREAS**, Section 6140(a) of the MLA provides, in relevant part that “[a] person subject to the provisions of this chapter and not licensed by the department who violates any provision of this chapter or who commits any action which would subject a license to suspension, revocation or nonrenewal under section 6139 (relating to suspension, revocation or refusal) may be fined by the department up to \$10,000 for each offense.” 7 Pa. C.S. § 6140(a); and

**AND NOW, THEREFORE**, since HOPE has engaged in unlicensed activity, the Bureau, pursuant to its authority referenced above hereby imposes the following Order:

1. Loan Origination. Upon the Effective Date of this Order,<sup>1</sup> HOPE and any and all officers, members, managers, employees, independent contractors or agents of HOPE shall cease and desist from engaging in the mortgage loan business subject to the MLA, including, but not limited to, advertising (including soliciting phone calls), accepting applications and negotiating mortgage loans and mortgage loan modifications in Pennsylvania, unless and until such time that

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<sup>1</sup> This Order is effective on the tenth day of the date it is executed below, if no petition for hearing is timely filed. If a petition for hearing is timely filed, the Order will become effective on the date upon which a final order is issued.

HOPE and all mortgage originators as defined by the MLA are licensed by the Department pursuant to the MLA.

2. Advance Fees. Upon the effective date of this Order, HOPE shall provide a refund to the Pennsylvania Consumer listed in the table in Appendix A. *See* Appendix A. The refund shall be in the amount that corresponds with the table in Appendix A. HOPE shall provide the Bureau with evidence that the refund was paid by providing the Bureau with a copy of a cancelled/cleared check. A copy of the cancelled/cleared check shall be sent to John Talalai, Administrator, Compliance Division, by 5:00 PM eastern time on the effective date of this Order.

3. Pipeline Report. Upon the Effective Date of this Order, HOPE shall provide a list of consumers that it has worked with in order to negotiate mortgage loan modifications (the "Pipeline Report"). The Pipeline Report shall include, but is not limited to:

- a. The names, addresses and phone numbers of consumers that have responded to advertisements or that HOPE has as clients;
- b. The amount of fees collected from the consumers;
- c. The current rate, term and payment of the consumers' loans;
- d. The proposed rate, term and payment of the loans subsequent to the loan modification; and
- e. The current status and/or resolution of the loan modification.

The Pipeline Report shall be sent to John Talalai, Administrator, Compliance Division, by 5:00 PM eastern time on the Effective Date of this Order. The Pipeline Report shall be updated weekly, until the Bureau no longer requires updates.

4. Advertising. Upon the Effective Date of this Order, HOPE shall provide a list of any websites or copies of any other advertising that HOPE has utilized including, but not limited to, mail solicitations. The information shall be sent to John Talalai, Administrator, Compliance Division, by 5:00 PM eastern time on the Effective Date of this Order.

5. Contact Information. Upon the Effective Date of this Order, HOPE shall provide a list of all owners, officers and employees of HOPE. The list shall include the name, address telephone number and position of these individuals. The information shall be sent to John Talalai, Administrator, Compliance Division, by 5:00 PM eastern time on the Effective Date of this Order.

6. Waiver. Nothing in this Order shall prevent HOPE from seeking a waiver from the Department to allow HOPE to complete a loan modification for a consumer that is listed on the Pipeline Report as provided in Paragraph 3 in order to prevent further harm to the consumer and for no other reason. Requests for waiver may be made to John Talalai, Administrator, Compliance Division.

7. Reservation of Rights. Nothing in this Order shall prevent the Bureau from taking any further administrative action as deemed necessary including, but not limited to imposing fines pursuant to Section 6140(a) or (b) of the MLA or seeking restitution for consumers.

**IT IS SO ORDERED.**

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

4/2/2013  
(Date)



**APPENDIX A**

<b>Consumer Name</b>	<b>Refund Owed</b>
Redacted	\$1,000.00

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v.	:	Docket No.: 13 <u>0031</u> (ENF-ORD)
	:	
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**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of the foregoing Order upon the parties below, who constitute the only parties of record in this proceeding, in accordance with the requirements of 1 Pa. Code §§ 33.35, 33.36 and 33.37:

**BY CERTIFIED AND FIRST CLASS MAIL**

Home Owner Protection Economics  
1801 S. Federal Highway  
Suite 247  
Delray Beach, FL 33483

Dated this 2 day of April, 2013.

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Sharon M. Williams,  
Attorney I.D. # 207545  
FOR: Commonwealth of Pennsylvania  
Department of Banking and Securities  
17 North Second Street, Suite 1300  
Harrisburg, PA 17101  
(717) 787-1471