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COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING AND SECURITIES

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PA DEPARTMENT OF  
BANKING AND SECURITIES

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

v.

MH&R FINANCIAL SERVICES, INC.

Docket No. 14 0023 (BNK-CAO)

**CONSENT AGREEMENT AND ORDER**

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Bureau of Non-Depository Examinations ("Bureau"), conducted a review of MH&R Financial Services, Inc. ("MH&R Financial"), and its officers, employees and directors. Based on the results of its examination, the Bureau concludes that MH&R Financial operated in violation of 7 Pa. C.S. § 6101 *et seq.*, the Mortgage Licensing Act. 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. MH&R Financial is located at 138 Westminster Drive, Mars, Pennsylvania 16046.

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4. The Department licenses MH&R Financial as a mortgage broker, License No. 22634, Nationwide Mortgage Licensing System and Registry (“NMLS”) Identification No. 52161.

Surety Bond

5. On January 28, 2014, a Bureau examiner conducted a routine compliance examination of MH&R Financial.

6. MH&R Financial cooperated fully with the Department during the examination process.

7. The Mortgage Licensing Act requires mortgage brokers to maintain a surety bond which provides coverage for the mortgage originators sponsored by the licensee. See 7 Pa. C.S. § 6131(e)(3).

8. The amount of the surety bond is determined by the amount of mortgage loans secured by Pennsylvania dwellings or residential real estate that a licensee originated (“loan volume”) during a calendar year. See 7 Pa. C.S. § 6131(e)(3)(i).

9. The examination revealed that as of the fourth quarter of 2012, MH&R Financial’s loan volume in calendar year 2012 required \$75,000 worth of surety bond coverage.

10. In calendar year 2012, MH&R Financial maintained surety bond coverage in the amount of \$50,000.

11. By failing to maintain a surety bond in the amount of \$75,000 for calendar year 2012, MH&R Financial is in violation of Section 6131(e)(3) of the Mortgage Licensing Act.

Authority of the Department

12. The Department has the authority to issue orders as may be necessary for the proper conduct of the mortgage loan business and the enforcement of the Mortgage Licensing Act. 7 Pa. C.S. § 6138(a)(4),

13. The Department may suspend, revoke or refuse to renew the license of a mortgage broker if the mortgage broker fails to comply with a provision of the Mortgage Licensing Act. 7 Pa. C.S. § 6139(a)(2).

14. The Department may fine a person that commits any action which would subject the licensee to suspension, revocation or nonrenewal under Section 6139 in an amount up to \$10,000 for each offense. 7 Pa. C.S. § 6140(b).

### **RELIEF**

15. Fine. MH&R Financial agrees to pay a fine of one thousand five hundred dollars (\$1,500) within thirty (30) days of the Effective Date of this Order, as defined in paragraph 22 below. The fine payment shall be remitted by certified check or money order payable to the “Department of Banking and Securities” and sent to the attention of Department of Banking and Securities, Non-Depository Institutions, Bureau of Compliance and Licensing, 17 N. 2<sup>nd</sup> Street, Suite 1300, Harrisburg, PA 17101.

16. Corrective Measures. Upon the Effective Date of this Order, MH&R Financial agrees to ensure that surety bond coverage in the amount required by Section 6131(e)(3)(i) is maintained.

### **FURTHER PROVISIONS**

17. Consent. MH&R Financial 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 herein. MH&R Financial, 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.

18. Publication and Release. The Department will publish this Order pursuant to its authority in section 302.A(5) of the Department of Banking and Securities Code.

19. 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 MH&R Financial.

20. Binding Nature. The Department, MH&R Financial, and all officers, owners, directors, employees, heirs and assigns of MH&R Financial intend to be and are legally bound by the terms of this Order.

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

22. Effectiveness. MH&R Financial hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order (the "Effective Date").

23. 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 MH&R Financial in the future regarding all matters not resolved by this Order.

b. MH&R Financial 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.

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

25. Counterparts. This Order may be executed in separate counterparts, by facsimile, and by PDF.

26. 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 Department and MH&R Financial Services, Inc. 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**

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

Date: 6/12/2014

**FOR MH&R FINANCIAL SERVICES, INC.**

Redacted

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

Mark Segar  
(Print Officer Name)

President  
(Title)

Date: 5/15/14