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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

PA DEPARTMENT OF
BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND
SECURITIES, COMPLIANCE OFFICE

v.

DOCKET No. 15 0014 (BNK-CAO)

SERVICE FINANCE COMPANY LLC

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Compliance Office ("Office") evaluated certain business practices of Service Finance Company LLC ("SFC") and its officers, employees and directors. Based on the results of its evaluation, it is the Office's position that SFC violated the act known as the Mortgage Licensing Act ("MLA"), 7 Pa.C.S. § 6101 *et seq.* SFC agrees to enter into this Consent Agreement and Order ("Order") without admitting to any wrongdoing. The parties seek to resolve this matter amicably to save the time and resources that ongoing litigation would require and, to this end, 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 agrees to the terms of this Order.

BACKGROUND

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the MLA and the Consumer Discount Company Act, 7 P.S. § 6201 *et seq.* ("CDCA").

2. The Office is primarily responsible for administering and enforcing the MLA and CDCA for the Department.

3. SFC is a corporation that engages in the business of consumer lending for home improvement projects in multiple states, including Pennsylvania.

4. SFC is incorporated in Florida with its principal place of business located at 555 S. Federal Hwy, Ste. 200, Boca Raton, Florida 33432-6033.

5. SFC is licensed by the Department as a sales finance company, license number 15418. *See* 12 Pa.C.S. § 6201 *et seq.*

6. SFC is also licensed by the Department as a consumer discount company, license number 38049. *See* 7 P.S. § 6201 *et seq.*

7. SFC obtained mortgage liens on properties located in Pennsylvania as security for loans made for the purposes of home improvements.

8. On or around October 24, 2014, an examiner from the Bureau of Non-Depository Examinations commenced a routine compliance examination of SFC upon which the Compliance Office's position is based.

9. SFC states that at all times it believed it lawfully operated as a consumer discount company in Pennsylvania. SFC has asserted to the Department that as of January 1, 2014 it has ceased operating as a mortgage broker, mortgage lender or mortgage loan correspondent pursuant to the MLA.

VIOLATION

10. "[A] consumer discount company that acts as a mortgage broker, mortgage lender or mortgage loan correspondent shall be subject to the provisions of Subchapter C . . . and sections 6131(c)(2), (3) and (5), 6135 . . . 6138 . . . and 6140(b) [of the MLA]. Employees or individuals under the supervision and control of licensees under the [CDCA] that act as mortgage originators shall be subject to the licensing requirements of [the MLA]." 7 Pa.C.S. § 6112(6).

11. Section 6131(c)(2), (3) and (5) of the MLA requires a consumer discount company to be approved for and maintain a line of credit not less than \$1,000,000, establish and maintain a net worth of \$250,000, and obtain and maintain a surety bond in an amount that will provide coverage for the mortgage originators sponsored by the licensee. 7 Pa.C.S. § 6131(c)(2), (3) and (5).

12. A mortgage loan is a first or secondary mortgage loan made primarily for personal, family or household use, and is secured by any first or secondary lien mortgage, deed of trust, or equivalent consensual security interest on a dwelling or residential real estate. 7 Pa.C.S. § 6102.

13. Even though SFC secured a consumer discount company license, it acted as a mortgage lender, mortgage loan correspondent or mortgage broker, and had employees that acted as mortgage originators and were not properly licensed in violation of the MLA by providing loans secured by mortgage liens on Pennsylvania properties for the purposes of home improvements.

AUTHORITY

14. The Department has authority to issues orders as may be necessary for the proper conduct of the mortgage loan business by licensees and the enforcement of the MLA. 7 Pa.C.S. §§ 6112(6); 6138(a)(4).

15. The Department may fine a person that commits any action which would subject the licensee to suspension, revocation or nonrenewal under Section 6139 of the MLA up to \$10,000 per offense. 7 Pa.C.S. §§ 6112(6); 6140(b).

RELIEF

16. Fine. Within 30 days of the effective date of this Order, as defined below, SFC shall pay the Department a fine in the amount of \$6,500. Payment shall be made by certified check or money order made payable to the "Department of Banking and Securities" and shall be mailed or delivered, in person, to the Compliance Office at 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

17. Corrective Action. SFC agrees to file the appropriate application in the Nationwide Mortgage Licensing System & Registry ("NMLS") should it engage in the business of advertising, causing to be advertised, soliciting, negotiating or arranging in the ordinary course of business or offering to make or making mortgage loans. In doing so, SFC shall maintain the proper net worth, credit and bonds as required by the MLA and the CDCA. In addition, SFC shall obtain licenses for any individuals who operate as mortgage loan originators.

FURTHER PROVISIONS

18. Consent. SFC hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Office's order authority under the Department of Banking and Securities Code, 71 P.S. § 733-202.D, and agrees that it understands all of the terms and conditions contained herein. SFC, 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 and Securities Code. 71 P.S. § 733-302.A(5).

20. Entire Agreement. This Order contains the entire agreement between the Department and SFC. 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 Department and SFC.

21. Binding Nature. The Department, SFC, and all officers, owners, directors, employees, heirs and assigns of SFC 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. SFC hereby stipulates and agrees that the Order shall become effective on the date that the Office executes the Order ("Effective Date").

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 SFC in the future regarding all matters not resolved by this Order.

b. SFC 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, by facsimile and by 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, Compliance Office and Service Finance Company LLC, intending to be legally bound, do hereby execute this Consent Agreement and Order.

FOR THE COMMONWEALTH OF PENNSYLVANIA, DEPARTMENT OF BANKING AND SECURITIES, COMPLIANCE OFFICE

FOR SERVICE FINANCE COMPANY LLC

Redacted

Redacted

Ryan M. Walsh, Chief
Compliance Office

(Officer Signature)

Date: June 4, 2015

MARK E BENCH
(Print Officer Name)

President
(Title)

Date: 6/1/2015