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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, COMPLIANCE OFFICE

v.

Docket No. 15 0036 (BNK-CAO)

i3 LENDING, INC.

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Compliance Office, received information regarding the business practices of i3 Lending, Inc. ("i3 Lending"), and its officers, employees and directors. Based on a follow-up regarding this information, the Compliance Office ("Office") determines that i3 Lending operated in violation of the Mortgage Licensing Act, 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 Mortgage Licensing Act ("MLA").
2. The Office is primarily responsible for administering and enforcing the MLA for the Department.
3. i3 Lending's principal place of business is located at 379 W. Uwchlan Ave., Suite 201, Downingtown, PA 19335.
4. i3 Lending maintains branches in Pennsylvania, Florida, Louisiana and Texas.

5. i3 Lending is a corporation formerly licensed by the Department as a Loan Correspondent, license no. 45072 and currently licensed as a Mortgage Lender license no. 50211, with Nationwide Mortgage Licensing System and Registry ("NMLS") identification no. 1020884.

6. Initially, the Department only licensed i3 Lending as a mortgage loan correspondent.

7. The MLA defines a mortgage loan correspondent as "[a] person who engages in the mortgage loan business by directly or indirectly originating and closing mortgage loans in his or her own name utilizing funds provided by a wholesale table funder or other funding sources under the circumstances described under section 6123(6)(relating to mortgage loan business prohibitions) and simultaneously assigning the mortgage loans to the wholesale table funder." 7 Pa. C.S. § 6102.

8. Mortgage loan correspondents are prohibited from servicing or closing "...mortgage loans utilizing funding other than a wholesale table funder, except in an emergency circumstance where wholesale table funding is not available." 7 Pa. C.S. § 6123(6).

9. To further clarify the specific statutory provisions related to mortgage loan correspondents, the Department's Non-Depository Deputy Secretary issued a letter to all mortgage loan correspondent licensees on October 18, 2014.

10. The Department became aware that on at least two occasions i3 Lending, while solely licensed as a mortgage loan correspondent, closed loans in its own name using funding from a warehouse line of credit prior to selling and subsequently assigning the mortgage loans to an investor.

11. By closing at least two mortgage loans utilizing funding other than a wholesale table funder prior to selling and subsequently assigning the mortgage loans to an investor, i3 Lending operated in violation of the provisions of the MLA related to loan correspondents.

12. Subsequent to discussions with the Department regarding this activity, i3 Lending obtained a mortgage lender license, effective March 12, 2015, to prevent any further violations of the MLA for this specific activity.

### Authority of the Department

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

14. The Mortgage Licensing Act permits the Department to suspend, revoke or refuse to renew a license of a licensee where that licensee is a mortgage loan correspondent and “[f]ailed to comply with or violated any provision of this chapter or any regulation or order promulgated or issued by the department under this chapter.” 7 Pa. C.S. § 6139(a)(2).

15. Section 6140(b) of the Mortgage Licensing Act provides, in relevant part, that “[a] person licensed under this chapter or director, officer, owner, partner, employee or agent of a licensee who violates a provision of this chapter or who commits any action which would subject the licensee to suspension, revocation or nonrenewal under section 6139 may be fined by the department up to \$10,000 for each offense.” 7 Pa. C.S. § 6140(b).

### **VIOLATION**

16. i3 Lending violated the Mortgage Licensing Act as a mortgage loan correspondent by engaging in activity which Section 6132(6) of the MLA specifically prohibits mortgage loan correspondents to engage in without obtaining alternative licensing. 7 Pa. C.S. §§ 6132(6) and 6139(a)(2).

### **RELIEF**

17. Fine. i3 Lending agrees to pay a fine of one thousand dollars (\$1,000) which shall be due to the Department within thirty (30) days of the Effective Date of this Order as defined in paragraph 24. The payments shall be remitted by certified check made payable to the Pennsylvania Department of Banking and Securities and sent to the attention of: Pennsylvania Department of Banking and Securities, Compliance Office, 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

## FURTHER PROVISIONS

18. Consent. i3 Lending hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Office's order authority under the Mortgage Licensing Act and agrees that it understands all of the terms and conditions contained herein. i3 Lending, 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 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 Office and i3 Lending.

21. Binding Nature. The Department, i3 Lending, and all officers, owners, directors, employees, heirs and assigns of i3 Lending 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. i3 Lending hereby stipulates and agrees that the Order shall become effective on the date that the Office executes the Order (the "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 i3 Lending in the future regarding all matters not resolved by this Order.

b. i3 Lending 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.

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

34. Counterparts. This Order may be executed in separate counterparts, by facsimile and electronic mail in portable document format (PDF).

35. 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 i3 Lending, Inc. 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**

Redacted  
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James Keiser, Administrator  
Department of Banking and Securities  
Compliance Office

Date: October 30, 2015

**FOR i3 LENDING, INC.**

Redacted  
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(Officer Signature)

Sujay Kanth  
\_\_\_\_\_

(Print Officer Name)

Chairman  
\_\_\_\_\_

(Title)

Date: 10/22/2015