

FILED

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. 19 0054 (BNK-CAO)

ARCUS LENDING INC.

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities (“Department”), Compliance Office (“Office”), has reviewed the business practices of Arcus Lending Inc. (“Arcus”). Based on the results of its review, the Office concludes that Arcus 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, 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 Office is primarily responsible for administering and enforcing the Mortgage Licensing Act for the Department.
3. Arcus was licensed as Mortgage Lender 60237 on February 10, 2017.
4. Arcus surrendered its Mortgage Lender license on April 15, 2019.
5. Arcus’s Principal place of business is located at 4340 Stevens Creek Blvd, Suite 270 San Jose, CA 95129.
6. During the Department’s review of Arcus’s 2018 year-end financial statements, it was brought to the Department’s attention that Arcus’s net worth had declined to less than \$250,000.

7. Section 6131 of the Mortgage Licensing Act provides that:

“A Mortgage Lender must establish a minimum net worth of \$250,000 at the time of application and will, at all times thereafter, maintain the minimum net worth.” See 7 Pa. C.S. § 6131 (c)(3).

VIOLATION

8. Licensees operating under the provisions of the Mortgage Licensing Act are required to maintain minimum net worth of two hundred fifty thousand dollars (\$250,000). 7 Pa. C.S. § 6131 (c)(3).

9. By having net worth of less than \$250,000 during a period when it was licensed as a Mortgage Lender, Arcus was in violation of Section 6131 of the Mortgage Licensing Act.

Authority of the Department

10. Section 6138(4) of the Mortgage Licensing Act authorizes the Department to issue orders as may be necessary for the enforcement of the Mortgage Licensing Act.

11. Section 6140(b) of the Mortgage Licensing Act authorizes the Department to issue a fine of up to \$10,000 per offense against a person who is in violation of the Mortgage Licensing Act.

RELIEF

12. Fine. Arcus agrees to pay a fine of six hundred twenty-five dollars (\$625). Payment of the fine is due within thirty (30) days of the Effective Date of the Order. Payment shall be made by ACH or wire transfer, or if ACH or wire transfer is unavailable by certified check or money order made payable to the “Department of Banking and Securities” and sent to the attention of: Department of Banking and Securities, Compliance Office, 17 N. 2nd Street, Suite 1300, Harrisburg, PA 17101-2290.

13. Corrective Action. Arcus shall not re-apply for a Mortgage Lender license until it is able to hold and maintain a minimum net worth of \$250,000 for the entire duration of a Mortgage Lender license. Arcus shall also not accept or negotiate any Mortgage applications until or unless it is licensed under the Mortgage Licensing Act.

FURTHER PROVISIONS

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

15. Consumer's Rights. This Order shall not limit or impair a consumer's rights under the Loan Interest and Protection Law.

16. 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).

17. 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 Compliance Office and Arcus.

18. Binding Nature. The Department and Arcus intend to be and are legally bound by the terms of this Order.

19. Counsel. This Order is subject to review by the Department's Legal Division but final once signed by all parties. This Order is entered into by the parties upon full opportunity for legal advice from legal counsel.

20. Effectiveness. Arcus hereby stipulates and agrees that the Order shall become effective on the date that the Department's Legal Division docket this Order ("Effective Date").

21. 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 Arcus in the future regarding all matters not resolved by this Order.
- b. Arcus 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.

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

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

24. 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.

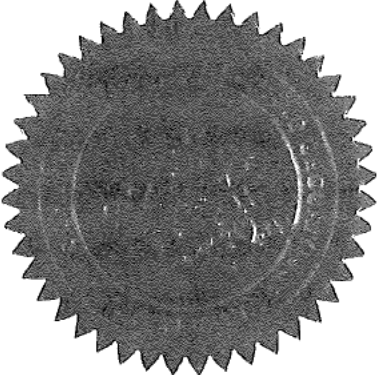
WHEREFORE, in consideration of the foregoing, including the recital paragraphs, the Commonwealth of Pennsylvania, Department of Banking and Securities, Compliance Office and Arcus Lending Inc. intending to be legally bound do hereby execute this Consent Agreement and Order.

**FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES**

Redacted

James Keiser, Chief
Compliance Office

Date: April 23, 2019



FOR ARCUS LENDING INC.

Redacted

(Officer Signature)

SPASHANK SHEKHAR
(Print Officer Name)

CEO
(Title)

Date: 4/23/2019