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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA :
DEPARTMENT OF BANKING AND :
SECURITIES, COMPLIANCE OFFICE :

v. :

DOCKET NO. 20 0012 (BNK-CAO)

GSF MORTGAGE CORPORATION :

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 GSF Mortgage Corporation ("GSF"). Based on the results of its review, together with certain disclosures GSF has made to the Department, the Office believes that GSF operated in violation of the Mortgage Licensing Act (the "MLA"), 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 MLA.
- 2 The Office is primarily responsible for administering and enforcing the MLA for the Department.
- 3 GSF's principal place of business is located at 15430 W Capitol Dr, Brookfield, WI 53005.
- 4 GSF is licensed as a Mortgage Lender, license #21368, under the MLA but is not licensed as a Mortgage Servicer.
- 5 GSF has applied for licensure as a Mortgage Servicer.
- 6 A "Mortgage servicer" is defined as "A person who engages in the mortgage loan business by directly or indirectly servicing a mortgage loan." 7 Pa. C.S. § 6102.

7 To "Service mortgage loan" is defined as "A collecting or remitting payment or the right to collect or remit payments of principal interest, tax, insurance or other payment under a mortgage loan "

8 A person engaged in the mortgage loan business as a mortgage servicer is required to be licensed as a Mortgage Servicer 7 Pa C S § 6111(a)

9 A mortgage lender which is servicing mortgage loans which the mortgage lender originated, negotiated and owns is excepted from the Mortgage Servicer licensing requirement 7 Pa. C.S. § 6111(b)(1)(ii)

Unlicensed Period

10 Act 81 of 2017, which included the requirement that a mortgage servicer be licensed, was signed into law on December 22, 2017

11 The Mortgage Servicer licensing requirement found in Section 6111(a) of the MLA became effective April 27 2018

12 The Department began accepting applications for licensure as a Mortgage Servicer on April 1, 2018

13 Although the Mortgage Servicer licensing requirement became effective on April 27, 2018, the Department provided an administrative grace period allowing unlicensed persons until June 30, 2018 to apply for a license without penalty for unlicensed activity

14 The Department issued press releases on January 23, 2018, February 6, 2018, March 28, 2018 and June 15, 2018, through many sources including the Department's website, on NMLS, via social media platforms and by e-mail to thousands of industry e-mail addresses including the mortgage associations and all existing mortgage licensees, informing both the general public and particularly existing mortgage servicers of the mortgage servicer licensing requirements

15 GSF filed its application for licensure as a Mortgage Servicer on May 5, 2020.

16 GSF had servicing rights to loans which GSF did not own at the time of servicing

17 GSF contracted the servicing of these mortgage loans to a licensed subservicer.

18 By servicing mortgage loans through a servicer, GSF was indirectly servicing the mortgage loans

19 By indirectly servicing mortgage loans which GSF did not own at the time of servicing, GSF acted as a mortgage servicer when it was not licensed to do so

20 GSF states the company was not aware that it was required to be licensed to service loans which it had originated but did not currently own.

21 GSF cooperated with the Department regarding the matters addressed in this Order

Authority of the Department

22 The Department has the authority to issue 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. § 6138(a)(4).

23 The Department may fine a person, whether licensed or subject to the provisions of this chapter and not licensed, who violates the act or commits any action which would subject the license to suspension, revocation or nonrenewal under Section 6139 up to \$10,000 per offense 7 Pa. C.S. § 6140(a) and (b)

VIOLATION

24 GSF violated the MLA when it engaged in the business of a mortgage servicer while not licensed as a Mortgage Servicer 7 Pa. C.S. § 6111(a)

RELIEF

25 Fine GSF agrees to pay a fine of twenty-eight thousand dollars (\$28,000) with the payment due within thirty (30) days of the Effective Date of the Order. The fine payment shall be made by ACH or wire transfer or if ACH or wire transfer is unavailable by certified check, cashier's check, teller's check or money order made payable to the "Department of Banking and Securities" and shall be mailed, or delivered in person to the attention of Department of Banking and Securities, Compliance Office, 17 N Second Street, Suite 1300, Harrisburg PA 17101-2290.

26 Licensee In order to not inconvenience Pennsylvania consumers whose loans are currently being serviced by GSF and given that GSF has a pending license application, the Department will not

object to GSF continuing to service the Pennsylvania mortgage loans which it is currently servicing until a determination is reached on GSF's license application

27 GSF agrees not to acquire any new servicing rights for Pennsylvania mortgage loans unless and until GSF is licensed as a mortgage servicer in Pennsylvania

28 In the event that GSF's pending mortgage servicer license application is denied, withdrawn, or otherwise terminated GSF agrees to divest its servicing rights to Pennsylvania mortgage loans within thirty (30) days of the license application denial, withdraw or termination

FURTHER PROVISIONS

29 Consent GSF hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Department's order authority under the MLA and agrees that it understands all of the terms and conditions contained herein. GSF, 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

30 Consumer's Rights The Order shall not limit or impair a consumer's rights under the MLA

31 Publication The Department will publish this Order pursuant to its authority in the Department of Banking and Securities Code 71 P.S. § 733-302 A (5)

32 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 kinds whatsoever concerning this Order. This Order may be amended in writing by mutual agreement by the Office and GSF

33 Binding Nature The Department, GSF and all officers, owners, directors, employees, heirs and assigns of GSF intend to be and are legally bound by the terms of this Order

34 Counsel This Order is subject to review by the Department's Legal Division. This Order is entered into by the parties upon full opportunity for legal advice from legal counsel

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

36 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 GSF in the future regarding all matters not resolved by this Order
- b GSF 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

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

38. Counterparts This Order may be executed in separate counterparts and by facsimile or electronic format

39 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 of Banking and Securities Compliance Office, and GSF Mortgage Corporation 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

James Keiser, Chief
Compliance Office
Department of Banking and Securities

Date June 10, 2020



FOR GSF MORTGAGE CORPORATION

Redacted

(Officer Signature)

Deborah Beier
(Print Officer Name)

COO
(Title)

Date 6-1-20