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PA DEPARTMENT OF BANKING AND SECURITIES

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

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

v.

SORTIS FINANCIAL, INC

DOCKET NO. 22 0006 (BNK-CAO)

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Compliance Office ("Office"), has reviewed loans made by Sortis Financial, Inc. ("Sortis"). Based on the results of its review, the Office believes that Sortis operated in violation of the Mortgage Licensing Act, 7 Pa. C.S. § 6101 et seq., and the Loan Interest and Protection Law, 41 P.S. § 10 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") and the Loan Interest Protection Law ("LIPL"), 41 P.S. § 10 et seq.
2. Sortis's principal place of business is located at 5220 Tennyson Parkway, Suite 200 Plano, TX 75024.
3. Sortis is licensed as Mortgage Broker #93147 under the MLA.
4. Sortis is licensed as Mortgage Servicer #93148 under the MLA.

Unlicensed Activity

5. "Mortgage Lender" is defined as "A person who engages in the mortgage loan business by directly or indirectly originating and closing mortgage loans with its own funds in the primary market for consideration." 7 Pa. C.S. § 6102.
6. "Mortgage loan" is defined as "A first or secondary mortgage loan, or both, a lease-purchase agreement or a mortgage loan modification, as the context may require." 7 Pa. C.S. § 6102.
7. A person engaged in the mortgage loan business as a mortgage lender is required to be licensed as a Mortgage Lender. 7 Pa. C.S. § 6111(a).
8. Sortis is not and was not licensed as a Mortgage Lender under the MLA.
9. By originating and closing mortgage loans when Sortis was not licensed as a mortgage lender under the MLA, Sortis is in violation of the MLA.

Excessive Interest Rates

10. Section 301(b) of LIPL states, in pertinent part, "The maximum lawful rate of interest for residential mortgages, as defined in this act, entered into or contracted for during any calendar month shall be equal to the Monthly Index of Long Term United States Government Bond Yields for the second preceding calendar month plus an additional two and one-half per cent per annum rounded off to the nearest quarter of one per cent per annum." 41 P.S. §301(b).
11. Sortis made residential mortgage loans at interest rates in excess of those allowed by Section 301(b) of LIPL.
12. Despite lienholders agreeing to modify many loans retroactively to comply with the maximum rates under LIPL, several loans are subject to litigation between the Office of Attorney General and the lienholders and therefore are unable to be modified at this time.

Authority of the Department

13. 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).

14. 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).

15. Section 506(c) of LIPL grants the Department authority to issue orders and to impose conditions by order or otherwise as the Department deems appropriate.

16. Section 505 of LIPL authorizes the Department to levy a fine of \$10,000 per offense.

VIOLATION

17. Sortis violated the MLA when it engaged in the business of a mortgage lender while not licensed as a Mortgage Lender. 7 Pa. C.S. § 6111(a).

18. Sortis violated LIPL by charging rates in excess of the maximum permitted residential mortgage rates.

RELIEF

19. Fine. Sortis agrees to pay a fine of ten thousand five hundred dollars (\$10,500), due within thirty (30) days of the Effective Date of the Order and made through the Department's Portal at <https://www.portal.dobs.pa.gov>.

20. Corrective action. Sortis shall not engage in the business of a mortgage lender while not licensed as a Mortgage Lender under the MLA.

21. In the event the loans which are subject to litigation have not been modified providing relief to the borrowers at the conclusion of the litigation, Sortis agrees to have the loans modified by the lienholders retroactively to comply with the maximum rates under LIPL.

FURTHER PROVISIONS

22. Consent. Sortis 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 he understands all of the terms and conditions contained herein. Sortis, 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.

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

24. 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).

25. 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 Sortis.

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

27. 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.

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

29. 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 Sortis in the future regarding all matters not resolved by this Order.
- b. Sortis 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.

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

respective parties.

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

32. 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 Sortis Financial, 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

John Talalaj, Director
Compliance Office
Department of Banking and Securities

Date: 01/31/2022

FOR SORTIS FINANCIAL, INC.
Redacted

(Signature)

Steven J. Stallard
(Print Name)

CEO
(Title)

Date: 1/27/2022

