

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

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

v.

AMERIFIRST FINANCIAL, INC. :

DOCKET NO. 22 0037 BNK-CAO)

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 Amerifirst Financial, Inc. (“AFI”). Based on the results of its review, together with certain disclosures AFI has made to the Department, the Office believes that AFI 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. AFI’s principal place of business is located at 1550 E McKellips Rd #117, Mesa, AZ 85203.
4. AFI is licensed as a Mortgage Lender, license #70779, under the MLA but is not licensed as a Mortgage Servicer.
5. AFI has applied for licensure as a Mortgage Servicer.
6. “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. "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." 7 Pa. C.S. § 6102.

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 only 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. AFI filed its application for licensure as a Mortgage Servicer on August 11, 2022.

16. AFI had servicing rights to loans which AFI originated and then sold to an investor.

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

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

19. By indirectly servicing mortgage loans, prior to being licensed in Pennsylvania, AFI acted as a mortgage servicer when it was not licensed to do so.

20. AFI cooperated with the Department regarding the matters addressed in this Order.

Authority of the Department

21. 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).

22. 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

23. AFI 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

24. Fine. AFI agrees to pay a fine of six hundred dollars (\$600) with the payment due within thirty (30) days of the Effective Date of the Order. The fine payment shall be through the Department portal at <https://www.portal.dobs.pa.gov>.

25. Licensure. Within five (5) days of the Effective Date of this order, the Department will issue a Mortgage Servicer license to AFI.

FURTHER PROVISIONS

26. Consent. AFI 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. AFI, 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.

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

28. 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).

29. 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 AFI.

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

31. 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.

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

33. 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 AFI in the future regarding all matters not resolved by this Order.
- b. AFI 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.

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

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

36. 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 AFI 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 Talalai, Director
Compliance Office
Department of Banking and Securities

Date: 09/01/2022



FOR AMERIFIRST FINANCIAL, INC.

Redacted

(Officer Signature)

Eric Bowlby

(Print Officer Name)

President

(Title)

Date: 8/31/22