

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

---

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

**v.**

**DOCKET NO. 23 0020 (BNK-CAO)**

**ANGEL OAK MORTGAGE :**  
**SOLUTIONS LLC :**

---

**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 Angel Oak Mortgage Solutions LLC (“AOMS”). Based on the results of its review, together with certain disclosures AOMS has made to the Department, the Office believes that AOMS 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. AOMS’s principal place of business is located at 980 Hammond Drive, Suite 850, Atlanta, GA 30328.
4. AOMS is licensed as a Mortgage Lender, license #56598, under the MLA but is not licensed as a Mortgage Servicer.

5. "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.
6. "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.
7. 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).
8. 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).
9. AOMS filed its application for licensure as a Mortgage Servicer on May 05, 2023.
10. AOMS had servicing rights to loans which they originated, negotiated, and then sold to an investor.
11. AOMS contracted the servicing of these mortgage loans to a subservicer.
12. By servicing mortgage loans through a subservicer, AOMS was indirectly servicing the mortgage loans.
13. By indirectly servicing mortgage loans, prior to being licensed in Pennsylvania, AOMS acted as a mortgage servicer when it was not licensed to do so.
14. AOMS cooperated with the Department regarding the matters addressed in this Order.

Authority of the Department

15. 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).
16. 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**

17. AOMS 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**

18. Fine. AOMS agrees to pay a fine of eighty thousand three hundred dollars (\$80,300). The payment is due within thirty (30) days of the Effective Date of the Order. The fine payment shall be remitted through the Department portal at <https://www.portal.dobs.pa.gov>.

19. Licensure. Upon meeting all licensing requirements as determined by the Department's Licensing Division, the Department will issue a Mortgage Servicer license to AOMS.

## **FURTHER PROVISIONS**

20. Consent. AOMS 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. AOMS, 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.

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

22. 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).

23. 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 AOMS.

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

25. 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.

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

27. 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 AOMS in the future regarding all matters not resolved by this Order.
- b. AOMS 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.

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

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

30. 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 Angel Oak Mortgage Solutions LLC 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: 07/03/2023



FOR ANGEL OAK MORTGAGE  
SOLUTIONS LLC

Redacted

(Officer Signature)

Steven Schwalb

(Print Officer Name)

Managing Partner

(Title)

Date: 06/30/2023