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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

PA DEPARTMENT OF
BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND
SECURITIES, COMPLIANCE OFFICE

v.

Docket No. 24 0011 (BNK-CAO)

PENN STREET MORTGAGE, 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 Penn Street Mortgage, LLC ("PSM") and its officers, employees, and directors. Based on the results of its review, the Office concludes that PSM 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, 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 7 Pa.C.S. § 6101 *et seq.*
2. The Office is primarily responsible for administering and enforcing the MLA for the Department.
3. PSM is licensed as Mortgage Broker #28180 under the MLA.
4. PSM's principal place of business is located at 18 W. Gay Street, 2nd Floor, West Chester, PA, 19380.

5. On January 9, 2024, an examiner from the Department commenced a routine off-site examination of PSM.

Insufficient Bond Amount

6. Pursuant to Section 6131(e)(3)(i) of the MLA, "A mortgage broker shall obtain and maintain a surety bond in an amount that will provide coverage for the mortgage originators sponsored by the applicant or licensee...". "The amount of the bond shall be \$50,000 for an applicant or licensee whose mortgage originators will originate or originated less than \$15,000,000 in mortgage loans secured by Pennsylvania dwellings or residential real estate in a calendar year; \$75,000 for an applicant or licensee whose mortgage originators will originate or originated \$15,000,000 to \$29,999,999.99 in mortgage loans secured by Pennsylvania dwellings or residential real estate in a calendar year; \$100,000 for an applicant or licensee whose mortgage originators will originate or originated \$30,000,000 to \$49,999,999.99 in mortgage loans secured by Pennsylvania dwellings or residential real estate in a calendar year; and \$150,000 for an applicant or licensee whose mortgage originators will originate or originated \$50,000,000 or more in mortgage loans secured by Pennsylvania dwellings or residential real estate in a calendar year." 7 Pa. C.S. § 6131(e)(3)(i).

7. Pursuant to Section 6131(e)(3)(ii) of the MLA, "For a licensee, the amount of the bond shall be determined annually by the department based upon the amount of mortgage loans secured by Pennsylvania dwellings or residential real estate originated by the licensee's mortgage originators as indicated on the licensee's periodic report." 7 Pa. C.S. § 6131(e)(3)(ii).

8. From in or about 2015 to 2017, PSM failed to maintain sufficient bond coverage required by Section 6131(e)(3)(i) of the MLA. 7 Pa. C.S. § 6131(e)(3)(i).

9. From in or about 2019 to 2021, PSM failed to maintain sufficient bond coverage required by Section 6131(e)(3)(i) of the MLA. 7 Pa. C.S. § 6131(e)(3)(i).

Authority of the Department

10. Section 6138(a)(4) of the MLA authorizes the Department to issue orders as may be necessary for the enforcement of the MLA. 7 Pa. C.S. § 6138(a)(4).

11. Section 6140(b) of the MLA authorizes the Department to issue a fine of up to \$10,000 per offense against a person who is in violation of the MLA. 7 Pa. C.S. § 6140(b).

VIOLATIONS

12. PSM was in violation of Section 6131(e)(3)(i) and 6131(e)(3)(ii) of the MLA when it failed to maintain sufficient bond coverage. 7 Pa. C.S. § 6131(e)(3)(i) and (ii).

RELIEF

13. Fine. PSM agrees to pay a fine of two thousand, five hundred dollars (\$2,500). Payment is due within thirty (30) days of the Effective Date of the Order as defined in paragraph 21 below. The fine payment shall be made through the Department portal at <https://www.portal.dobs.pa.gov>.

14. Corrective Action.

- a. Upon the Effective Date of this Order, PSM shall maintain sufficient bond coverage.
- b. PSM shall comply with the MLA at all times.

FURTHER PROVISIONS

15. Consent. PSM 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. PSM, 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.

16. Consumer's Rights. This Order shall not limit or impair any consumer's rights under the MLA.

17. 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).

18. 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 PSM.

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

20. Counsel. This Order is entered into by the parties upon full opportunity for legal advice from legal counsel.

21. Effectiveness. PSM hereby stipulates and agrees that the Order shall become effective on the date that the Office executes this Order ("Effective Date").

22. 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 PSM in the future regarding all matters not resolved by this Order.
- b. PSM 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.

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

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

25. 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 Penn Street Mortgage, 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 Tatalai, Director
Compliance Office
Pennsylvania Department of Banking and
Securities

Date: 03/13/2024

FOR PENN STREET MORTGAGE, LLC

Redacted

(Officer Signature)

JOHN C. CARLSON

(Print Officer Name)

Managing Partner

(Title)

Date: 3/12/24

