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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. 24 0024 (BNK-CAO)

RED TREE 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 Red Tree Mortgage, LLC ("RTM") and its officers, employees, and directors. Based on the results of its review, the Office concludes that RTM 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. RTM is currently license as Mortgage Broker #107583 under the MLA.
- 4. RTM was previously licensed as Mortgage Lender #94938 between January 2022 and February 2024, under the MLA.
- 5. RTM's principal place of business is located at Four Penn Center West, Suite 401, Pittsburgh, PA 15276.

6. On January 29, 2024, an examiner from the Department commenced a routine off-site examination of RTM.

Inadequate Net Worth

- 7. Pursuant to Section 6131(c)(3) of the MLA, "A Mortgage Lender must establish a minimum net worth of \$250,000 at the time of application and will, at all times thereafter, maintain the minimum net worth." 7 Pa. C.S. § 6131(c)(3).
- 8. For a period of time in 2022 and 2023, while licensed as a mortgage lender, RTM failed to maintain the minimum net worth of \$250,000, required by Section 6131(c)(3) of the MLA. 7 Pa. C.S. § 6131(c)(3).

Authority of the Department

- 9. 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).
- 10. 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).

VIOLATION

11. RTM was in violation of Section 6131(c)(3) of the MLA when it failed to maintain a minimum net worth of \$250,000. 7 Pa. C.S. § 6131(c)(3).

RELIEF

- 12. <u>Fine</u>. RTM agrees to pay a fine of three thousand, seven hundred fifty dollars (\$3,750). The fine may be paid in three (3) monthly installments of \$1,250 with the first payment due within thirty (30) days of the Effective Date of the Order as defined in paragraph 20 below. The fine payment shall be made through the Department portal at https://www.portal.dobs.pa.gov.
 - 13. Corrective Action. RTM shall comply with the MLA at all times.

FURTHER PROVISIONS

- 14. <u>Consent</u>. RTM 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. RTM, 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.
- 15. <u>Consumer's Rights</u>. The Order shall not limit or impair a consumer's rights under the MLA.
- 16. <u>Publication</u>. 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).
- 17. <u>Entire Agreement</u>. 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 RTM.
- 18. <u>Binding Nature</u>. The Department, RTM, and all officers, owners, directors, employees, heirs and assigns of RTM intend to be and are legally bound by the terms of this Order.
- 19. <u>Counsel</u>. 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.
- 20. <u>Effectiveness</u>. RTM hereby stipulates and agrees that the Order shall become effective on the date that the Department's Legal Division dockets this Order ("Effective Date").
 - 21. 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 RTM in the future regarding all matters not resolved by this Order.
- b. RTM 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.
- 22. <u>Authorization</u>. The parties below are authorized to execute this Order and legally bind their respective parties.
- 23. <u>Counterparts</u>. This Order may be executed in separate counterparts and by facsimile or electronic format.
- 24. <u>Titles</u>. 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 Red Tree 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

Redacted

John Talalai, Director Compliance Office Pennsylvania Department of Banking and Securities

Date: 05/07/2024

FOR RED TREE MORTGAGE, LLC

Redacted

(Officer Signature)

(Print Officer Name)

Resident

(Title)

Date: 5/7/2024

