

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

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

v.

LIBERTY 1 LENDING INC.

DOCKET NO. 24 0036 (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 Liberty 1 Lending Inc. ("L1L") and its officers, employees, and directors. Based on the results of its review, the Office concludes that L1L 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. L1L is currently licensed as Mortgage Lender # 107009 under the MLA.
4. L1L's principal place of business is located at 33101 Schoolcraft Road, Livonia, MI 48150.

5. On May 13, 2024, the Office commenced a review of L1L's 2023 financial statements uploaded to the Nationwide Multistate Licensing System ("NMLS") which is an annual requirement of existing mortgage licensees.

6. On July 16, 2024, the Office commenced a review of L1L's interim financial statements ending April 30, 2024, and uploaded to NMLS as requested by the Office to determine if L1L brought itself into compliance with the MLA.

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. Section 6131(a) of the MLA provides in pertinent part "...all applicants and licensees shall use the Nationwide Multistate Licensing System to obtain and maintain licenses under this chapter." 7 Pa. C.S. § 6131(a).

9. For a period of time while licensed as a mortgage lender, L1L 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

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).

VIOLATION

12. L1L 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

13. Fine. LIL agrees to pay a fine of one thousand two hundred fifty dollars (\$1,250). The fine 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. LIL shall comply with the MLA at all times.

FURTHER PROVISIONS

15. Consent. LIL 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. LIL, by voluntarily entering into this Order, waives any right to a hearing or appeal concerning the terms, conditions and/or penalties set forth in the Order.

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

17. 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).

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 LIL.

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

20. 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.

21. Effectiveness. L1L hereby stipulates and agrees that the Order shall become effective on the date that the Department's Legal Division docket 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 L1L in the future regarding all matters not resolved by this Order.
- b. L1L 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 matter 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.

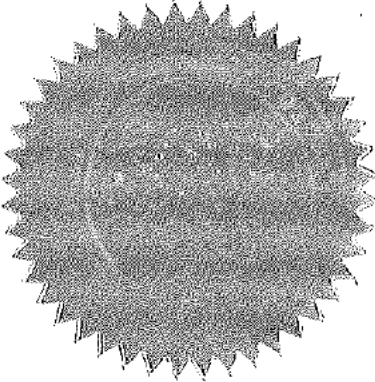
WHEREFORE, in consideration of the foregoing, including the recital paragraphs, the Department of Banking and Securities, Compliance Office and Liberty 1 Lending Inc., intending to be legally bound do hereby execute this Consent Agreement and Order.

FOR THE COMMONWEALTH OF
PENNSYLVANIA
DEPARTMENT OF BANKING AND
SECURITIES

Redacted

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

Date: 07/29/2024



FOR LIBERTY 1 LENDING INC.

Redacted

(Officer Signature)

Mazen Adam Imad Awada
(Print Officer Name)

President
(Title)

Date: 7-26-2024