



COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2011-AH-0153

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

v.

AGREED ORDER

PHH MORTGAGE CORPORATION and
PHH HOME LOANS, LLC

RESPONDENTS

* * * * *

1. The Department of Financial Institutions ("DFI") is responsible for regulating and licensing mortgage loan brokers, mortgage loan companies, mortgage loan originators, and mortgage loan processors in accordance with the provisions set forth in KRS Chapter 286.8, the Mortgage Licensing and Regulation Act (the "Act").

2. PHH Mortgage Corporation ("Respondent PHHMC") is licensed as a mortgage loan company in Kentucky pursuant to the Act. Respondent's initial license was effective on May 7, 2008 and in effect at all times relevant herein. Respondent's Nationwide Mortgage Licensing System and Registry ("NMLS") number is 2726.

3. PHH Home Loans, LLC ("Respondent PHHHL") is licensed as a mortgage loan company in Kentucky pursuant to the Act. Respondent's initial license was effective on February 22, 2008 and in effect at all times relevant herein. Respondent's Nationwide Mortgage Licensing System and Registry ("NMLS") number is 4256.

4. Each Respondent maintains its principal office at 1 Mortgage Way, Mount Laurel, New Jersey 08054.

5. During an examination on January 11, 2011, the DFI discovered that at times between the period of April 2008 and February 2010, each Respondent directly or indirectly employed or used the services of unregistered mortgage loan originators in

connection with loans that they funded, in violation of KRS 286.8-030(1)(d), which prohibits a mortgage loan company from employing or using a mortgage loan originator or a mortgage loan processor who is not registered in accordance with KRS 286.8-255.

6. The DFI possesses a range of administrative authority in addressing violations of the Act, including license revocation or denial, and/or the imposition of fines in an amount up to \$25,000 per violation. *See* KRS 286.8-046; 286.8-090.

7. In this case, the DFI has assessed a fine against Respondents in the amount of five thousand dollars (\$5,000.00) each for employing or using unregistered mortgage loan originators in Kentucky in violation of KRS 286.8-030(1)(d).

8. In the interest of economically and efficiently resolving the violation(s) described herein, the DFI and Respondents agree as follows:

- a. Respondent PHHMC agrees to a fine assessment in the amount of five thousand dollars (\$5,000.00) for the violation(s) described herein;
- b. Respondent PHHHL agrees to a fine assessment in the amount of five thousand dollars (\$5,000.00) for the violation(s) described herein;
- c. Each Respondent agrees to and shall pay the total fine assessed herein in a single installment payment of five thousand dollars (\$5,000.00) each, which shall be due on the date Respondents execute the Agreed Order and return it to the DFI, but in no event later than September 23, 2011. Said payments shall be in the form of a certified check or money order made payable to "Kentucky State Treasurer" and mailed to the Department of Financial

Institutions, Attn: Michael T. Davis, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601; and

d. Respondents shall devote the time and resources necessary to ensure continual and full compliance with all statutory requirements set forth in the Act and the regulations set forth in 808 KAR Chapter 12.

7. Each Respondent waives its right to demand a hearing at which it would be entitled to legal representation, to confront and cross-examine witnesses, and to present evidence on its own behalf, or to otherwise appeal or set aside this Order.

8. Each Respondent consents to and acknowledges the jurisdiction of the DFI over this matter and that this Agreed Order is a matter of public record and may be disseminated as such.

9. In consideration of execution of this Agreed Order, each Respondent for itself, and for its successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, the DFI, Office of Legal Services, and each of their members, agents, and employees in their individual capacities, from any and all manner of actions, causes of action, suits, debts, judgments, executions, claims and demands whatsoever, known and unknown, in law or equity, that each Respondent ever had, now has, may have or claim to have against any or all of the persons or entities named in this paragraph arising out of or by reason of this investigation, this disciplinary action, this settlement or its administration.

10. By signing below, the parties acknowledge they have read the foregoing Agreed Order, know and fully understand its contents, and that they are authorized to enter into and execute this Agreed Order and legally bind their respective parties.

11. This Agreed Order shall constitute the Final Order in this matter.

IT IS SO ORDERED on this the 27 day of September, 2011.

Charles A. Vice
CHARLES A. VICE
COMMISSIONER

Consented to:

This 23rd day of September 2011.

Nicole Biddle
Nicole Biddle, Director
Division of Non-Depository Institutions
Department of Financial Institutions

This 22 day of September, 2011.

Madeline Flanagan
Madeline Flanagan, General Counsel and
authorized representative of PHH Mortgage
Corporation

This 22 day of September, 2011.

Luke Hayden
Luke Hayden, President
PHH Home Loans, LLC

ACKNOWLEDGEMENT

STATE OF New Jersey)
COUNTY OF Burlington)

On this the 22 day of September, 2011, before me Kimberly M. Scaffidi, the undersigned, Madeline Flanagan, as General Counsel and authorized representative of PHH Mortgage Corporation, did personally appear and entered into and executed the foregoing instrument for the purposes therein contained.

In witness whereof I hereunto set my hand
Kimberly M. Scaffidi
Notary Public of New Jersey
My Commission Expires February 27th 2015

My Commission Expires: _____

Kimberly M. Scaffidi
Notary Public

ACKNOWLEDGEMENT

STATE OF New Jersey)
)
COUNTY OF Burlington)

On this the 22 day of September, 2011, before me Kimberly M. Scaffidi, the undersigned, Luke Hayden, as President PHH Home Loans, LLC, did personally appear and entered into and executed the foregoing instrument for the purposes therein contained.

In witness whereof I hereunto set my hand,
Kimberly M. Scaffidi
Notary Public of New Jersey
My Commission Expires February 27th 2015

My Commission Expires: _____

Kimberly M. Scaffidi
Notary Public

Certificate of Service

I, Michael T. Davis, hereby certify that a copy of the foregoing **Agreed Order** was sent on this the 27th day of September, 2011, by certified mail, to the following:

PHH Mortgage Corporation and
PHH Home Loans, PPLC
Attn: Kristina M. Larese
1 Mortgage Way
Mount Laurel, New Jersey 08054

Michael T. Davis

Michael T. Davis
Department of Financial Institutions
1025 Capital Center Drive
Suite 200
Frankfort, Kentucky 40601
502-573-3390 ext. 240 (phone)
502-573-2183 (facsimile)