IN THE MATTER OF:	BEFORE THE MARYLAND
FRANK J. WARD, III,	COMMISSIONER OF
THE MONEY CENTRE, LTD,	FINANCIAL REGULATION
WARD CONSTRUCTION, INC., and	
ANNETTE COSTON,	Case No.: CFR-FY2010-418
Respondents.	

SUMMARY ORDER TO CEASE AND DESIST AND ORDER TO PRODUCE

WHEREAS, the Maryland Commissioner of Financial Regulation (the "Commissioner") undertook an investigation into the mortgage lending, brokering, and originating business activities of Frank J. Ward, III ("Ward"), The Money Centre, LTD ("TMC"), Ward Construction, Inc. ("Ward Construction"), and Annette Coston ("Coston"), (collectively the "Respondents"); and

WHEREAS, as a result of that investigation, the Commissioner finds grounds to allege that each respective respondent listed herein has violated Title 11, Subtitle 5 of the Financial Institutions Article ("FI"), Annotated Code of Maryland (the Maryland Mortgage Lender Law, or "MMLL"), Title 11, Subtitle 6 of the Financial Institutions Article, Annotated Code of Maryland (the Maryland Mortgage Originators Law, or "MMOL"), Title 12, Subtitle 8 of the Commercial Law Article ("CL"), Annotated Code of Maryland (the Maryland Finder's Fee Law, or "MFFL"), and/or Title 7, Subtitle 4 of the Real Property Article ("RP"), Annotated Code of Maryland (the Maryland Mortgage Fraud Protection Act,

or "MMFPA"), as well as violating Maryland law prohibiting the commission of acts resulting in fraud; and the Commissioner finds that action under FI §§ 2-115, 11-517(c), and 11-615(c) is appropriate.

NOW, THEREFORE, the Commissioner has determined, for the reasons set forth below, that Respondents are in violation of Maryland law, and that it is in the public interest that Respondents immediately cease and desist from lending, brokering, originating, mitigating, or engaging in any other activities involving Maryland mortgage loans or otherwise pertaining to the mortgage industry in Maryland.

1. FI § 11-501, provides the following definitions:

> (i) *Mortgage broker.* – "Mortgage broker" means a person who:
> (1) For a fee or other valuable consideration, whether received directly or indirectly, aids or assists a borrower in obtaining a mortgage loan; and
> (2) Is not named as a lender in the agreement, note, deed of trust, or other evidence of the indebtedness.
> (j) *Mortgage lender.* –
> (1) "Mortgage lender" means any person who:
> (i) Is a mortgage broker;
> (ii) Makes a mortgage loan to any person; or
> (iii) Is a mortgage servicer.
> * * *
> (k) *Mortgage lending business.* –
> (1) "Mortgage lending business" means the activities set forth in the definition of "mortgage lender" in subsection (j) of this section which require that person to be licensed under this subtitle.
> (2) "Mortgage lending business" includes the making or procuring of mortgage loans secured by a dwelling or residential real estate located outside Maryland.

2. Pursuant to FI § 11-504, "[a] person may not act as a mortgage lender unless the person is . . . (1) [a] licensee . . . or (2) [a] person exempted from licensing under this subtitle."

3. Pursuant to CL § 12-803, "[a] mortgage broker may not be a director, officer, or employee of any lender where he places a loan."

4. Additionally, pursuant to FI § 11-517(c), the Commissioner may enforce the provisions of the MMLL, and applicable regulations, by issuing an order (i) requiring a violator to cease and desist from any violation of the MMLL and any further similar violation; and (ii) requiring a violator to take affirmative action to correct any violation, including the restitution of money or property to any person aggrieved by any violation. Additionally, the Commissioner may impose a civil penalty not exceeding $5,000 for each violation, as well as $5,000 for each subsequent violation.

5. FI § 11-523 provides additional penalties for violations of the MMLL, as follows:

> (a) *Willful violations.* – Any person who willfully violates any provision of this subtitle or any rule or regulation adopted under it is guilty of a felony and on conviction is subject to a fine not exceeding $50,000 or imprisonment not exceeding 10 years or both.
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> (b) *Unlicensed persons.* – Any unlicensed person who is not exempt from licensing under this subtitle who makes or assists a borrower in obtaining a mortgage loan in violation of this subtitle may collect only the principal amount of the loan and may not collect any interest, costs, finder's fees, broker fees, or other charges with respect to the loan.
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> (c) *Misappropriation or conversion; penalty.* – Any mortgage lender or employee or agent of a mortgage lender who willfully misappropriates or intentionally and fraudulently converts to the mortgage lender's or to the mortgage lender's employee's or agent's own use moneys in excess of $300 rightfully belonging to a borrower, or who otherwise commits any fraudulent act in the course of engaging in the mortgage lending business is guilty of a felony and on conviction is subject to a fine not to exceed $100,000 or imprisonment not exceeding 15 years or both.

6. Pursuant to FI § 11-601(q), "mortgage loan originator" is defined as follows:

> (1) "Mortgage loan originator" means an individual who for compensation or gain, or in the expectation of compensation or gain:

(i) Takes a loan application; or
(ii) Offers or negotiates terms of a mortgage loan.

(2) "Mortgage loan originator" does not include an individual who:
(i) Acts solely as a mortgage loan processor or underwriter;
(ii) Performs only real estate brokerage activities and is licensed in accordance with Title 17 of the Business Occupations and Professions Article, unless the individual is compensated by a mortgage lender, a mortgage broker, or other mortgage loan originator or by any agent of a mortgage lender, mortgage broker, or other mortgage loan originator; or
(iii) Is involved solely in extensions of credit relating to timeshare plans, as that term is defined in 11 U.S.C. § 101(53d).

7. Pursuant to FI § 11-602(b), "[u]nless exempted from this subtitle under subsection (d) of this section, an individual may not engage in the business of a mortgage loan originator unless the individual holds a valid license issued under this subtitle." In addition, pursuant to FI § 11-603(a), for a "licensee to act as a mortgage loan originator," he/she must be, "acting within the scope of employment with . . . (1) [a] mortgage lender . . . or (2) [a] person who is exempt from licensing as a mortgage lender."

8. In addition, pursuant to FI § 11-615(c), the Commissioner may enforce the provisions of the MMOL, and applicable regulations, by issuing an order (i) requiring a violator to cease and desist from any violation of the MMOL and any further similar violation; and (ii) requiring a violator to take affirmative action to correct any violation, including the restitution of money or property to any person aggrieved by any violation. Additionally, the Commissioner may impose a civil penalty not exceeding $5,000 for each violation, as well as $5,000 for each subsequent violation.

9. Pursuant to FI § 11-617, "[a]ny person who willfully violates the provisions of this subtitle is guilty of a felony and, on conviction, is subject to a fine not exceeding $25,000 or imprisonment not exceeding 5 years or both."

10. Pursuant to CL § 12-801(c), a finder's fee is defined as "any compensation or commission directly or indirectly imposed by a broker and paid by or on behalf of the borrower for the broker's services in procuring, arranging, or otherwise assisting a borrower in obtaining a loan or advance of money." A mortgage broker may not charge a finder's fee greater than 8 percent of the amount of the loan or advance. *See* CL § 12-804(a). Additionally, CL § 12-804(e) provides that, "[a] mortgage broker may not charge a finder's fee in any transaction in which the mortgage broker or an owner, part owner, partner, director, officer, or employee of the mortgage broker is the lender or an owner, part owner, partner, director, officer, or employee of the lender." Further, pursuant to CL § 12-805(d), a finder's fee may not be charged unless it is provided in a written agreement between the mortgage broker and the borrower, which is separate and distinct from any other document, is disclosed to the Borrower within 10 business days after completion of the loan application, specifies the amount of the finder's fee, and contains a representation that the mortgage broker is acting as a broker and not as a lender in the transaction. In addition, "[i]f the finder's fee is paid from the proceeds of the loan, the lender shall comply with the disclosure provisions of § 12-106 of this article or the federal Truth in Lending Act and . . . shall advise . . ., in writing, of the borrower's right to a refund of the finder's fee upon the exercise of any right of rescission of the loan." *See* CL § 12-805(c). Failure to fully comply with the MFFL shall result in the mortgage broker forfeiting to the borrower the greater of three times the amount of the finder's fee collected or $500. *See* CL § 12-807.

11. RP § 4-106 provides the following:

> (a) *Affidavit of consideration required for mortgage or deed of trust.*– No mortgage or deed of trust is valid except as between the parties to it, unless there is contained in, endorsed on, or attached to it an oath or

affirmation of the mortgagee or the party secured by a deed of trust that the consideration recited in the mortgage or deed of trust is true and bona fide as set forth.

(b) *Affidavit of disbursement required for purchase-money mortgage or deed of trust; delivery of net proceeds.*–

(1) No purchase-money mortgage or deed of trust involving land, any part of which is located in the State, is valid either as between the parties or as to any third party unless the mortgage or deed of trust contains or has endorsed on, or attached to it at a time prior to recordation, the oath or affirmation of the party secured by the mortgage or deed of trust stating that the actual sum of money advanced at the closing transaction by the secured party was paid over and disbursed by the party secured by the mortgage or deed of trust to either the borrower or the person responsible for disbursement of funds in the closing transaction or their respective agent at a time no later than the execution and delivery of the mortgage or deed of trust by the borrower. However, this subsection does not apply where a mortgage or deed of trust is given to a vendor in a transaction in order to secure payment to him of all or part of the purchase price of the property. The affidavit required by this subsection is required for only that part of the loan that is purchase money and, if the requirements of this subsection are not satisfied, the mortgage or deed of trust is invalid only to the extent of the part of the loan that is purchase money;. . .

12. Pursuant to RP § 7-109, mortgage lenders are generally required to disburse purchase money loans at closing. More specifically, RP § 7-109(b)(1) requires that, "[i]n any consumer loan transaction in which the loan is secured by a purchase money mortgage or deed of trust on real property located in this State, on or before the day of settlement, the lender shall disburse the loan proceeds in accordance with the loan documents to the agent responsible for settlement as provided in subsections (c) and (d) of this section." Similar provisions apply to a secondary deed of trust or mortgage involving Maryland real property. RP § 7-109(b)(2) provides that, ". . . on or before the day of funding the agent responsible for settlement may require the lender to disburse the loan proceeds as provided in paragraph (1) of this subsection."

13. When a lender assumes responsibility to the borrower to collect and pay the property taxes under the mortgage or the deed of trust, then the lender shall collect the fees and, "shall pay the taxes within 45 days after (1) the first due date, (2) receipt of the tax bill by the lender, or (3) the funds collected by the lender are sufficient to pay the amount of taxes and interest due, whichever occurs last." RP § 7-107(a). If the lender has collected sufficient funds to pay such taxes, and the lender fails to pay, then the lender, "shall pay the difference between the amount of taxes, interest, and penalty due if paid at the time as provided and the amount of taxes, interest, and penalty due at the time that the taxes, interest, and penalty are actually paid by the lender." RP § 7-107(b).

14. Pursuant to RP § 7-401(d), "mortgage fraud" is defined as follows:

> (d) *Mortgage Fraud.*– "Mortgage fraud" means any action by a person made with the intent to defraud that involves:
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> (1) Knowingly making any deliberate misstatement, misrepresentation, or omission during the mortgage lending process with the intent that the misstatement, misrepresentation, or omission be relied on by a mortgage lender, borrower, or any other party to the mortgage lending process;
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> (2) Knowingly creating or producing a document for use during the mortgage lending process that contains a deliberate misstatement, misrepresentation, or omission with the intent that the document containing the misstatement, misrepresentation, or omission be relied on by a mortgage lender, borrower, or any other party to the mortgage lending process;
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> (3) Knowingly using or facilitating the use of any deliberate misstatement, misrepresentation, or omission during the mortgage lending process with the intent that the misstatement, misrepresentation, or omission be relied on by a mortgage lender, borrower, or any other party to the mortgage lending process;
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> (4) Receiving any proceeds or any other funds in connection with a mortgage closing that the person knows resulted from a violation of item (1), (2), or (3) of this section;
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> (5) Conspiring to violate any of the provisions of item (1), (2), (3), or (4) of this section; or
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> (6) Filing or causing to be filed in the land records in the county where a residential real property is located, any document relating to

a mortgage loan that the person knows to contain a deliberate misstatement, misrepresentation, or omission.

15. Pursuant to RP § 7-401(e), "mortgage lending process" is defined as follows:

> (e) *Mortgage lending process.*–
> (1) "Mortgage lending process" means the process by which a person seeks or obtains a mortgage loan.
> (2) "Mortgage lending process" includes:
> (i) The solicitation, application, origination, negotiation, servicing, underwriting, signing, closing, and funding of a mortgage loan; and
> (ii) The notarizing of any document in connection with a mortgage loan.

16. Pursuant to RP § 7-402, "[a] person may not commit mortgage fraud."

17. It is a violation of Maryland law, through fraud and deceit, to make false representations to another; if those false representations were either known or made with reckless indifference as to their truth, the misrepresentations were made for the purpose of defrauding another, another relied on those misrepresentations and had the right to rely on them, and the individual suffered compensable injury resulting from the misrepresentations.

18. FI §§ 2-115(a) and (b) set forth the Commissioner's general authority to issue summary cease and desist orders, and to take additional actions for any violation of laws, regulations, rules, and orders over which the Commissioner has jurisdiction (in addition to taking any other action permitted by law, and subject to a hearing or waiver of hearing), providing as follows:

> (a) *Summary cease and desist orders.*– When the Commissioner determines that a person has engaged in an act or practice constituting a violation of a law, regulation, rule or order over which the Commissioner has jurisdiction, and that immediate action against the person is in the public interest, the Commissioner may in the Commissioner's discretion issue, without a prior hearing, a summary order directing the person to cease and desist from engaging in the activity, provided that the summary cease and desist order gives the person:

(1) Notice of the opportunity for a hearing before the Commissioner to determine whether the summary cease and desist order should be vacated, modified, or entered as final; and

(2) Notice that the summary cease and desist order will be entered as final if the person does not request a hearing within 15 days of receipt of the summary cease and desist order.

(b) *Other authorized actions for violations.*– When the Commissioner determines after notice and a hearing, unless the right to notice and a hearing is waived, that a person has engaged in an act or practice constituting a violation of a law, regulation, rule or order over which the Commissioner has jurisdiction, the Commissioner may in the Commissioner's discretion and in addition to taking any other action authorized by law:

(1) Issue a final cease and desist order against the person;

(2) Suspend or revoke the license of the person;

(3) Issue a penalty order against the person imposing a civil penalty up to the maximum amount of $1,000 for a first violation and a maximum amount of $5,000 for each subsequent violation; or

(4) Take any combination of the actions specified in this subsection.

19. FI §§ 2-114(a) and (b) set forth the Commissioner's general authority to order the production of information, as well as documents and records, while investigating potential violations of laws, regulations, rules, and orders over which the Commissioner has jurisdiction (which is in addition to the Commissioner's specific investigatory authority set forth in various other Maryland statutes and regulations). Thus, FI § 2-114(a)(2) provides that the Commissioner may "[r]equire ... a person to file a statement in writing, under oath or otherwise as the Commissioner determines, as to all the facts and circumstances concerning the matter to be investigated." Further, pursuant to FI § 2-114(b), "the Commissioner or an officer designated by the Commissioner may," among other things, "take evidence, and require the production of books, papers, correspondence, memoranda, and agreements, or other documents.

20. In the present matter, in approximately June 2010, the Commissioner began an investigation into the business activities of the Respondents. The Commissioner's

investigation determined that Respondents engage in mortgage-related business activities in the State of Maryland involving Maryland consumers and Maryland residential real property. Pursuant to this investigation, the Commissioner developed reasonable grounds to believe that the Respondents provided unlicensed mortgage lending, brokering, and loan origination services related to Maryland residential real property involving Maryland consumers, and engaged in a mortgage fraud scheme, all in violation of various provisions of Maryland Law, including, but not limited to, the MMLL the MMOL, the MFFL, and/or the MMFPA, as well as in violation of Maryland law prohibiting the commission of acts resulting in fraud. The legal and factual basis for this determination is as follows:

a. Respondent TMC is a Maryland business entity with principal offices located in Salisbury, Maryland. TMC was duly licensed by the Commissioner as a Maryland mortgage lender (License No.: 06-6441). The Commissioner issued TMC a mortgage lender license on April 25, 2000, which was renewed on several occasions, and expired on October 8, 2010. Respondents Ward and Coston are the owners, directors, officers, managers, employees and/or agents of TMC;

b. Respondent Ward Construction is a Maryland corporation with principal offices located in Pocomoke City, Maryland. Respondent Ward is the owner, director, officer, manager, employee and/or agent of Ward Construction;

c. In early 2005, the Commissioner conducted an investigation into the business activities of Respondents as a result of a consumer complaint (the "2005 investigation"). In 2002, [redacted] ("Consumer A") had entered into a land installment contract brokered by TMC for a property located in Salisbury, Maryland. The

agreement was structured so that Consumer A would pay a $700 monthly fee, of which $400 would go towards the eventual purchase of the Salisbury property. Consumer A had negative history reflected on her credit report, which prevented her from qualifying for a mortgage loan;

d. Respondent Ward agreed to personally fund a second mortgage for Consumer A. This second mortgage was to be used, in part, to settle the outstanding debt leading to the negative marks on Consumer A's credit report, thus making her a more attractive candidate for approval for a first mortgage. The second mortgage was to be consummated after the purchase of the property. Ward provided Respondent Coston with a cashier's check in the amount of $39,600, which was to be placed in a bank account for Consumer A. These funds were drawn from a personal bank account held by Ward;

e. The Commissioner's 2005 investigation revealed that to mask the second mortgage transaction Coston had created a fictitious gift letter, whereby a '[redacted]," the purported stepfather of Consumer A, was giving Consumer A $39,600 toward her qualification for the mortgage at the Salisbury property. Consumer A does not have a stepfather named [redacted], nor did anyone gift her $39,600. This false gift letter accompanied the mortgage application. Coston admitted to fraudulently notarizing this gift letter under Ward's notarial seal;

f. As a result of the 2005 investigation, the Commissioner, and TMC and Respondent Ward entered into a Consent Agreement on October 24, 2005 (the "Consent Agreement"), in which TMC and Ward agreed that, ". . . prior to engaging in Maryland

mortgage brokerage or loan transactions, he will maintain currently held licenses to conduct future business." In addition, TMC and Ward paid a $6,000 fine to the Commissioner;

g. In February 2009, the Commissioner conducted an examination of TMC, as required by FI § 11-515(a). As a result of this examination, the Commissioner issued Examiner's Findings determining, in part, that Respondent Coston originated loans on behalf of TMC. Coston was not licensed as a Maryland mortgage loan originator, and her conduct on behalf of TMC constituted a violation of FI § 11-604 (subsequently amended) and COMAR 09.03.06.03(B);

h. The current investigation into the business activities of Respondents, resulting in this Summary Order to Cease and Desist and Order to Produce (the "Summary Order"), was based in part on five (5) consumer complaints filed with the Commissioner;

i. The Commissioner's current investigation determined that Respondent Ward was the mortgage lender in twenty-three (23) mortgage loans involving Maryland residential real property. *See* "Exhibit A" attached hereto. In addition, in sixteen (16) of those loans, Ward provided loan origination services on behalf of TMC. *Id.* Further, the Commissioner's current investigation revealed that nineteen (19) of those mortgage loans provided for interest payments on the principal amount of the respective loan. *Id*;

j. The Commissioner's current investigation determined that Respondent TMC brokered twenty-three (23) mortgage loans involving Maryland residential real property in which Respondent Ward was the mortgage lender. *See* "Exhibit A" attached hereto. In addition, TMC collected loan origination fees on six (6) of those loans. *Id*;

k. The Commissioner's current investigation determined that Respondent Ward Construction received a loan origination fee on one (1) mortgage loan involving Maryland residential real property. *See* "Exhibit A" attached hereto;

l. The Commissioner's current investigation determined that Respondent Coston provided mortgage origination services on behalf of TMC. That Coston originated three (3) mortgage loans involving Maryland residential real property on behalf of TMC in which Ward was the mortgage lender. *See* "Exhibit A" attached hereto. In addition, Colston originated one (1) mortgage loan involving Maryland residential real property on behalf of TMC in which Delta Funding Corporation was the mortgage lender and Mary Trader was the borrower;

m. In January 2009, [redacted] (collectively "Consumer B") purchased a home from Ward Construction, in which Ward was the loan originator on behalf of TMC, as well as the lender, individually, on the mortgage. *See* "Exhibit A" attached hereto. Ward provided a forty (40) year purchase money mortgage, with a $223,550.00 principle amount and a seven (7) percent interest rate. The Commissioner's current investigation revealed that Consumer B was not provided a written contract, any other loan papers, or disclosure forms as required under Maryland and federal law for the purchase of the house until the time of settlement. Further, it was determined that Consumer B used $5,485.50 from their life savings as down payment for the purchase of the property. A majority of these fees were not reflected in the "HUD 1" settlement form. According to the HUD 1, Consumer B was required to bring $2,730 in cash to the table for

closing costs. Further, Consumer B claims that $1,000 of these funds was used to hold the lot of land, and an additional $395 was charged as a non-refundable processing fee;

n. Ward informed Consumer B that pursuant to the terms of the mortgage, principal and interest payments would be $1,389.21 on a monthly basis, and an additional monthly fee of $210.00 would be assessed and placed in escrow for property taxes. Consumer B claims that Ward misappropriated at least $1,890.00 of fees collected for the escrow account. Instead of using such funds to pay the outstanding property taxes, it is alleged that Ward used those funds to pay down arrears owed on the underlying mortgage;

o. The Commissioner's current investigation determined that in eight (8) mortgage loans involving Maryland residential real property in which Respondent Ward was the mortgage lender, Ward never disbursed any loan proceeds in accordance with the loan documents to the agent responsible for settlement. *See* "Exhibit B" attached hereto. Further, the settlement company did not disburse funds to the seller in accordance with each respective HUD 1, although the affidavits of disbursement state otherwise. *Id.* These mortgage loan documents were recorded with the State of Maryland;

p. The Commissioner's current investigation determined that in one (1) mortgage loan involving Maryland residential real property in which Respondent Ward was the mortgage lender, Ward did not disburse the full loan proceeds in accordance with the loan documents to the agent responsible for settlement. *See* "Exhibit B" attached hereto. Further, the settlement company did not disburse funds to the seller in accordance with the

HUD 1, although the affidavit of disbursement states otherwise. *Id.* These mortgage loan documents were recorded with the State of Maryland;

q. By knowingly making deliberate misstatements, misrepresentations, and/or omissions during the mortgage lending process with the intent to defraud the borrower and/or other parties to the mortgage lending process, by knowingly creating and/or producing documents for use during the mortgage lending process that contain deliberate misstatements, misrepresentations, and/or omissions with the intent to defraud the borrower and/or other parties to the mortgage lending process, by knowingly using and/or facilitating the use of deliberate misstatements, misrepresentations, and/or omissions during the mortgage lending process with the intent to defraud the borrower and/or other parties to the mortgage lending process, by receiving proceeds and/or any other funds in connection with mortgage closings that Respondents knew were as a result of a fraudulent mortgage transaction, by conspiring to violate the MMFPA, and/or by filing and/or causing to be filed in the land records in the county where the respective residential real property is located, documents relating to mortgage loans that the Respondents knew to contain deliberate misstatements, misrepresentations, and/or omissions, the Respondents have committed mortgage fraud in violation of the MMFPA, including, but not limited to, RP § 7-402;

r. Respondents, through fraud and deceit: 1) made false representations to Maryland consumers; 2) those false representations were either known to Respondents or were made with reckless indifference as to their truth; 3) the misrepresentations were made for the purpose of defrauding Maryland consumers; 4) Maryland consumers relied on those

misrepresentations and they had the right to rely on them; and (5) Maryland consumers suffered compensable injury resulting from these misrepresentations;

s. At no time relevant to the facts set forth in this Summary Order has Respondent Ward been licensed by the Commissioner under the MMLL and/or the MMOL. By making mortgage loans to consumers involving Maryland residential real property, Ward acted as an unlicensed mortgage lender. In addition, by processing loan applications, including taking loan applications, Ward acted as an unlicensed mortgage loan originator;

t. TMC brokered loans in which Ward was the mortgage lender, and thus TMC was not authorized under Maryland law to collect an origination fee for the mortgage loans described herein;

u. At no time relevant to the facts set forth in this Summary Order has Respondent Ward Construction been licensed by the Commissioner under the MMLL, and accordingly, Ward Construction was not authorized under Maryland law to collect an origination fee for the mortgage loan described herein; and

v. At no time relevant to the facts set forth in this Summary Order has Respondent Coston been licensed by the Commissioner under the MMLL and/or the MMOL. By processing loan applications, including taking loan applications, Coston acted as an unlicensed mortgage loan originator.

21. Respondents have engaged in mortgage lending, brokering, and/or origination activities without the proper licensure in violation of Title 11, Subtitle 5 and Subtitle 6 of the Financial Institutions Article. Further, given the Consent Agreement and the conduct described in this Summary Order, Respondents' unlicensed and illegal activities

constitute a willful violation of the MMLL and the MMOL, and as Respondents were not exempt from licensing under these subtitles, Respondents were only authorized under Maryland law to collect the principal amount of such mortgage loans, and were not permitted to collect any interest, costs, finder's fees, broker fees, or other charges with respect to those mortgage loans originated, brokered, and in which funds were lent in violation of the MMLL, the MMOL, the MFFL, and/or the MMFPA, as well as Maryland law prohibiting the commission of acts resulting in fraud. Additionally, based on the foregoing, it has been determined that the Respondents have engaged in a mortgage fraud scheme in violation of Maryland law, including, but not limited to, the MMLL, the MMOL, and/or MMFPA, and corresponding regulations, as well as Maryland law prohibiting the commission of acts resulting in fraud, and accordingly, administrative action is appropriate.

WHEREFORE, having determined that immediate action is in the public interest, and pursuant to the aforementioned provisions of the Annotated Code of Maryland and associated regulations, it is, by the Maryland Commissioner of Financial Regulation, hereby

ORDERED that Respondents shall immediately **CEASE** and **DESIST** from engaging in any of the following: any and all activities which constitute a mortgage lending business as defined in FI § 11-501(k), including acting as a mortgage broker as defined under FI § 11-501(i) or as a mortgage lender as defined under FI § 11-501(j); acting as a mortgage originator as defined in FI § 11-601(q); or in any other way acting as a mortgage lender, broker, or originator in the State of Maryland or with Maryland residents, either by acting directly, or by acting indirectly through other individuals or business entities; and it is

ORDERED that Respondents shall immediately **CEASE** and **DESIST** from violating the aforementioned statutory provisions of Maryland law, including, but not

limited to the MMLL, the MMOL, the MFFL, and/or the MMFPA, as well as violating Maryland law prohibiting the commission of acts resulting in fraud; and that Respondents should be assessed statutory monetary penalties and ordered to take affirmative action to correct the violations described herein; and it is further

ORDERED that the Respondents shall provide to the Office of the Commissioner each of the following within 15 days of the receipt of this Summary Order:

- **The names, addresses, and phone numbers of all Maryland consumers** who, at any time on or after January 1, 2000, retained or contracted with the Respondents, or contracted with another person with whom the Respondents worked or was affiliated, for the purpose (in whole or in part) of providing mortgage lending, brokering, and/or loan origination services for them or on their behalf related to Maryland residential real property.
- **Any and all documents under Respondents' control or in their possession** pertaining to mortgage lending, brokering, and/or loan origination services and activities on or after January 1, 2000, related to Maryland residential real property, or otherwise involving Maryland consumers.
- **The names, addresses, and phone numbers of third-party individuals or business entities** ("third parties") who, at any time on or after January 1, 2000, referred or agreed to refer consumers to the Respondents for the purpose (in whole or in part) of providing mortgage lending, brokering, and/or loan origination services related to Maryland residential real property.
- **The names, addresses, and phone numbers of third-parties** to whom, at any time on or after January 1, 2000, the Respondents referred or agreed to refer consumers for the purpose (in whole or in part) of providing mortgage lending, brokering, and/or loan origination services related to Maryland residential real property.
- **Any and all documents under Respondents' control or in their possession pertaining to the third-parties** identified above, the content of which documents relates in any way to mortgage lending, brokering, and/or loan origination services to be performed on or after January 1, 2000, or to any associated referral arrangements, fees, or other forms of compensation.
- **Copies of all marketing and advertising materials** potentially reaching Maryland consumers on or after January 1, 2000, which the Respondents, or which third parties marketing directly or indirectly on Respondents' behalf, use or have used to market or advertise Respondents' mortgage lending, brokering, and/or loan origination services related to Maryland residential real property, including, but not limited to, copies of all printed marketing materials, internet advertisements, and radio and television advertisements.

- **A spreadsheet of all mortgage loans**, entered into at any time on or after January 1, 2000, in which Respondents made or assisted a Maryland consumer in obtaining such mortgage loan, including a detailed financial breakdown of the principle amount of such mortgage loan, the interest collected on such mortgage loan, and/or costs, finder's fees, broker fees, and/or other charges collected on such mortgage loan to date.

THE RESPONDENTS ARE HEREBY NOTIFIED that, pursuant to FI §§ 2-115, 11-518, and 11-616, the Respondents are entitled to a hearing before the Commissioner to determine whether this Summary Order should be vacated, modified, or entered as a final order of the Commissioner; and further

THE RESPONDENTS ARE HEREBY NOTIFIED that, pursuant to FI § 2-115, this Summary Order will be entered as a final order of the Commissioner if Respondents do not request a hearing within 15 days of the receipt of this Summary Order; and further

THE RESPONDENTS ARE HEREBY NOTIFIED that, pursuant to COMAR 09.01.02.08, and State Government Article ("SG") §§ 9-1607.1, 10-206.1, and 10-207, and in accordance with SG § 10-207(b)(4), Respondents are only permitted to request a hearing, and to appear at such hearing, on behalf of themselves, or through an attorney authorized to practice law in Maryland at the Respondents' own expense; and further

THE RESPONDENTS ARE HEREBY NOTIFIED that any and all requests for a hearing in this matter must conform to the requirements stated above, must be made in the form of a signed, written request, and must be submitted to the following address:

Jessica Wienner, Administrator
Enforcement Unit
Office of the Commissioner of Financial Regulation
500 North Calvert Street, Suite 402
Baltimore, Maryland 21202;

and further

THE RESPONDENTS ARE HEREBY NOTIFIED that, pursuant to FI §§ 2-115(b), 11-517(c), and 11-615(c), as a result of a hearing, or of Respondents' failure to correctly request a hearing in the manner described above, the Commissioner may, in the Commissioner's discretion, and in addition to taking any other action authorized by law, take the following actions: enter an order making this Summary Order final; issue an order requiring that Respondents refund all interest, costs, originator fees, broker fees, and/or other charges paid by Maryland consumers to Respondents in conjunction with residential mortgage loans that were originated, brokered, or closed during periods when the Respondents did not hold the appropriate license under the MMLL and/or the MMOL, or otherwise were in violation of those provisions of any other law governing mortgage loan lending in the State of Maryland; issue a penalty order against Respondents imposing a civil penalty up to $5,000 for each violation of the MMLL and/or the MMOL; issue a penalty order against Respondents imposing a civil penalty up to $1,000 for each violation of FI §§ 2-114; issue a penalty order against the Respondents imposing a civil penalty up to $5,000 for each subsequent violation of these laws; or may take any combination of the aforementioned actions against the Respondents. Additionally, pursuant to FI § 11-517, as a result of the Respondent's failure to comply with requirements imposed under this Summary Order and/or the Consent Agreement, the Commissioner may seek enforcement of such orders in the Maryland Circuit Court. Further, pursuant to CL § 12-807, in each instance in which the Respondents failed to fully comply with the requirements imposed under the MFFL, the Commissioner may enter an order directing the Respondents to forfeit to each respective borrower the greater of three times the amount of the finder's fee collected or $500. Furthermore, pursuant to RP § 7-404, as a result of the Respondent's failure to

comply with requirements imposed under the MMFPA, the Commissioner may seek an injunction against Respondent in Maryland Circuit Court, and may recover from Respondent the costs of bringing such an action. The Commissioner may also refer this matter to the appropriate law enforcement agency for criminal prosecution for the violations described herein.

MARYLAND COMMISSIONER OF FINANCIAL REGULATION

12/15/10
Date

By: Anne Balcer Norton
Deputy Commissioner

EXHIBIT A

Lending, brokering and origination Services[1]

In the matter of Frank J. Ward, III, et al., Case No.: CFR-FY2010-418

BORROWER(S) NAME	SETTLEMENT DATE	LOAN TYPE	LENDER	LOAN ORIGINATOR	MORTGAGE AMOUNT	FEES COLLECTED	INTEREST CHARGED
1. [redacted]	12/28/2006	2nd Mortgage	Ward	Not Provided	$22,119.92	Not Provided	00.00%
2. [redacted]	2007	2nd Mortgage	Ward	Not Provided	$17,022.00	Not Provided	06.00%
3. [redacted]	3/28/2007	2nd Mortgage	Ward	Ward for TMC	$14,000.00	$0.00	05.50%
4. [redacted]	5/18/2007	2nd Mortgage	Ward	Colston for TMC	$18,227.11	$0.00	00.00%
5. [redacted]	6/1/2007	2nd Mortgage	Ward	Ward for TMC	$7,988.37	$0.00	00.00%
6. [redacted]	7/19/2007	2nd Mortgage	Ward	Info not supplied	$15,400.67	$0.00	06.00%
7. [redacted]	8/14/2007	2nd Mortgage	Ward	Colston for TMC	$7,022.06	$0.00	00.00%
8. [redacted]	9/6/2007	2nd Mortgage	Ward	Not Provided	$45,355.00	Not Provided	06.00%
9. [redacted]	9/27/2007	2nd Mortgage	Ward	Wad for TMC	$41,744.22	$0.00	04.00%
10. [redacted]	11/15/2007	1st Mortgage	Ward	Colston for TMC; Ward Construction collected	$190,000.00	$4,125.00	07.00%
11. [redacted]	12/20/2007	2nd Mortgage	Ward	Ward for TMC	$20,371.80	$0.00	08.00%
12. [redacted]	2/29/2008	1st Mortgage	Ward	Ward for TMC	$285,100.00	$3,100.00	08.50%
13. [redacted]	4/30/2008	1st Mortgage	Ward	Ward for TMC	$190,000.00	$1,500.00	07.00%
14. [redacted]	6/6/2008	1st Mortgage	Ward	Ward for TMC	$294,000.00	$2,940.00	07.00%
15. [redacted]	6/12/2008	2nd Mortgage	Ward	Ward for TMC	$11,680.00	$0.00	10.00%
16. [redacted]	6/27/2008	1st Mortgage	Ward	Ward for TMC	$150,000.00	$1,500.00	07.50%
17. [redacted]	9/12/2008	1st Mortgage	Ward	Ward for TMC	$165,585.00	$1,800.00	07.00%
18. [redacted]	9/25/2008	1st Mortgage	Ward	Ward for TMC	$286,568.90	$1,000.00	08.50%

[1] Information in this table was gathered from the investigation of the Commissioner into this matter, which includes, in part, public records, complaints, and subpoenaed records.

EXHIBIT B

Fraudulent Transactions[1]

In the matter of Frank J. Ward, III, et al., Case No.: CFR-FY2010-418

BORROWER(S) NAME	SETTLEMENT DATE	LOAN TYPE	LENDER	MORTGAGE AMOUNT	TOTAL FUNDS RECEIVED FOR CLOSING	AFFIDAVIT OF DISBURSEMENT
1. [redacted]	11/15/2007	1st Mortgage	Ward	$190,000.00	$3,500.00 (from Borrower)	Kathy A. Whitehead (affiant) Debora A. Truitt (notary)
2. [redacted]	2/29/2008	1st Mortgage	Ward	$285,100.00	$8,067.05 (from Borrowers); $30,409.05 (from Ward Construction)	Kathy A. Whitehead (affiant) Debora A. Truitt (notary)
3. [redacted]	4/30/2008	1st Mortgage	Ward	$190,000.00	$3,891.17 (from Borrowers); $101,414.20 (from Ward Construction)	Kathy A. Whitehead (affiant) Debora A. Truitt (notary)
4. [redacted]	6/6/2008	1st Mortgage	Ward	$294,000.00	$7,945.00 (from Ward Construction)	Kathy A. Whitehead (affiant) Debora A. Truitt (notary)
5. [redacted]	6/27/2008	1st Mortgage	Ward	$150,000.00	$3,956.54 (from Ward Construction)	Kathy A. Whitehead (affiant) Debora A. Truitt (notary)
6. [redacted]	9/12/2008	1st Mortgage	Ward	$165,585.00	-$300.00 (from Borrower); $3,607.95 (from Ward Construction)	Kathy A. Whitehead (affiant) Debora A. Truitt (notary)
7. [redacted]	9/25/2008	1st Mortgage	Ward	$286,568.90	$3,800.00 (from Borrower); $1,388.12 (from Ward Construction)	Kathy A. Whitehead (affiant) Debora A. Truitt (notary)
8. [redacted]	1/27/2009	1st Mortgage	Ward	$223,550.00	$2,730.30 (from Borrowers); $1,135.08 (from Ward Construction)	Kathy A. Whitehead (affiant) Debora A. Truitt (notary)
9. [redacted]	11/20/2009	1st Mortgage	Ward	$193,161.00	$10,535.66 (from Borrower); $404.45 (from Ward)	Kathy A. Whitehead (affiant) Debora A. Truitt (notary)

[1] Information in this table was gathered from the investigation of the Commissioner into this matter, which includes, in part, public records, complaints, and subpoenaed records.