

IN THE MATTER OF:

PHOENIXVILLE FEDERAL BANK AND
TRUST,

Respondent.

BEFORE THE MARYLAND
COMMISSIONER OF
FINANCIAL REGULATION

SETTLEMENT AGREEMENT AND CONSENT ORDER

This Settlement Agreement and Consent Order (the “Agreement”) is entered into this 13th day of May, 2020, by and between the Maryland Commissioner of Financial Regulation (the “Commissioner” or the “Agency”), and Phoenixville Federal Bank and Trust, a Pennsylvania-chartered banking institution (the “Respondent”). The Commissioner and Respondent (together, the “Parties”) consent to the entry of the Agreement as a final resolution of the matters discussed below. The terms of the Agreement are contractual and not mere recitals.

1. Pursuant to the Maryland Mortgage Lender Law (“MMLL”), Md. Code Ann., Fin. Inst. (“FI”) § 11-501 *et seq.*, the Commissioner is responsible for licensing and regulating, *inter alia*, mortgage lenders who make, broker and/or service consumer loans secured by residential real property located in the State of Maryland (the “State”).

2. The Commissioner alleges that in 2019 Respondent knowingly and willfully, in violation of State law, originated and made a residential mortgage loan secured by real property located in the State. Specifically, at the time the above referenced loan was originated and made Respondent was neither licensed as a mortgage lender under the

MMLL, nor was it authorized to engage in the mortgage lending business as those terms are defined in FI § 11-501(j) and (k) (the “Alleged Violation”).

3. Respondent does not admit to any of the findings or alleged violations set forth in this Agreement, but wishes to resolve these Alleged Violation amicably without the need for further administrative proceedings or other legal proceedings and avoid the costs associated therewith, and further desires to ensure that it is in full compliance with any potentially applicable Maryland laws and regulations, and therefore agrees to resolve this matter fully, final, and completely in accordance with this Agreement; further, Respondent agrees to abide by each and every term set forth in this Agreement. In consideration of the foregoing and the terms and conditions herein, the Respondent agrees as follows in exchange for a full and final resolution of this matter:

a. Immediately upon its execution of the Agreement, Respondent will pay a monetary penalty of two thousand dollars (\$2,000) to the Commissioner, to be billed and paid through the NMLS;

b. Immediately upon its execution of the Agreement, Respondent will pay a surcharge of five hundred dollars (\$500) to the Commissioner, to be billed and paid through the NMLS;

c. Respondent agrees to cooperate fully with all future requests for documentation, information, and records requested by the Agency to determine compliance with the terms of the Agreement; and

d. Respondent represents that it has contacted the consumer that obtained the mortgage loan subject to the Alleged Violation, and Respondent represents that

it has resolved any issues or claims related to the Alleged Violation directly with that consumer offering appropriate compensation.

4. The Commissioner desires to ensure that Respondent will comply with all applicable statutes, regulations, and other laws governing Maryland mortgage lending, brokering, servicing, origination, and other mortgage-related activities, and further wishes to avoid the costs to Maryland taxpayers of an administrative hearing and any potential appeals. The Commissioner agrees that, in consideration of Respondent's consent to the issuance of this Agreement and the actions described in Paragraph 3, the Commissioner shall fully resolve this matter.

5. Respondent acknowledges that it has voluntarily entered into this Agreement with full knowledge of its right to a hearing pursuant to FI § 2-115(a) and pursuant to the Maryland Administrative Procedures Act – Contested Cases, Md. Code Ann., State Gov't. ("SG") § 10-201 *et seq.*, and that Respondent hereby waives its right to a hearing. Respondent further acknowledges that it has had an opportunity to consult with independent legal counsel in connection with its waiver of rights and with the negotiation and execution of this Agreement, and that Respondent has either consulted with independent legal counsel or has knowingly elected not to do so.

6. Notwithstanding the Alleged Violation, Respondent represents and warrants that it otherwise will comply with all applicable statutes, regulations, and others laws governing Maryland mortgage lending, brokering, servicing, and origination, and that it will continue to act in compliance at all future times.

7. Respondent acknowledges that the Agency, in making its determinations in

this matter, is relying, in part, upon Respondent's representations and warranties herein. Respondent further acknowledges that if the Agency later finds that Respondent knowingly or willfully withheld material information pertaining to this Agreement, then this Agreement may be revoked at the discretion of the Agency and the Agency may pursue any and all remedies available under the law against Respondent. In the event the Agency exercises its discretion to revoke this Agreement pursuant to this paragraph, Respondent acknowledges that it may not reclaim any penalties or restitution paid prior to the revocation.

8. The Parties agree that the Agreement shall be binding upon the Parties and enforceable by the Commissioner in a court of competent jurisdiction. Further, the Agreement shall be admissible in court.

9. The Parties intend that this Agreement, and the actions described in Paragraph 6, do not create any private rights or remedies against Respondent, create any liability for Respondent, or limit Respondent's abilities against any person or entity not party to this Agreement. Further, entering into this Agreement by Respondent does not constitute an admission of wrongdoing or violation of law, statute, or regulations, but is in compromise and settlement of the Alleged Violation.

10. The Parties acknowledge that the Agreement does not in any way relate to, impact, or otherwise affect the legal rights of, or preclude the Commissioner from bringing or continuing to pursue actions against persons not Parties to the Agreement. Further, the Agreement is by and between the Commissioner and Respondent and shall not inure to the benefit of any person not a party.

11. The Parties agree that any notices hereunder shall be effectively "delivered"

when sent via overnight delivery or certified mail as follows:

a. To the Commissioner:

Commissioner of Financial Regulation
500 North Calvert Street, Suite 402
Baltimore, Maryland 21202-3651
Attn: Arlene Williams, Director of Licensing

b. To Respondent:

Phoenixville Federal Bank and Trust
564 Nutt Road
Phoenixville, Pennsylvania 19460
Attn: Karla Rush, SVP/Compliance Officer

NOW, THEREFORE, it is, by the Maryland Commissioner of Financial Regulation, hereby

ORDERED that Respondent shall adhere to all terms of this Agreement, the violation of which shall constitute a violation of a Final Order of the Commissioner; it is further

ORDERED that Respondent shall conduct its business in full compliance with all statutes, regulations, and other laws governing mortgage lending, brokering, servicing, and origination in the State of Maryland; it is further

ORDERED that Respondent shall not engage in the mortgage lending business in the State without the appropriate license or licenses issued by the Commissioner; it is further

ORDERED that, in the event Respondent violates any provision of this Agreement, or, following the date this Agreement is executed, otherwise engages in the activities which formed the basis for the Alleged Violation, the Commissioner may, at the Commissioner's discretion, take any enforcement actions available under FI § 2-115 and/or FI § 11-517, as

well as take any other enforcement actions as permitted by, and in accordance with, applicable State or Federal law; and it is further

ORDERED that this matter shall be resolved in accordance with the terms of this Agreement and that the same shall be reflected among the records of the Office of the Commissioner of Financial Regulation; and it is further

ORDERED that this document shall constitute a Final Order of the Maryland Commissioner of Financial Regulation, and that the Commissioner may consider this Agreement and the facts set forth herein in connection with, and in deciding, any examination, action, or proceeding before the Commissioner; and that this Agreement may, if relevant, be admitted into evidence in any matter before the Commissioner.

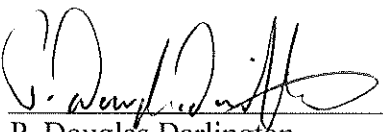
It is so **ORDERED**.

IN WITNESS WHEREOF, this Agreement and Consent Order is executed on the day and year first above written.

**MARYLAND COMMISSIONER OF
FINANCIAL REGULATION**

By: _____
Jedd Bellman
Assistant Commissioner

**PHOENIXVILLE FEDERAL BANK AND
TRUST**

By: 
P. Douglas Darlington
President/CEO