

IN THE MATTER OF:

UNITED FINANCIAL RESOURCES,
LLC,

and

WILLIAM WAYLAND,

Respondents.

BEFORE THE MARYLAND

COMMISSIONER OF

FINANCIAL REGULATION

Case No.: CFR-FY2011-227

FINAL ORDER TO CEASE AND DESIST

WHEREAS, the Maryland Department of Labor, Licensing and Regulation, Office of the Commissioner of Financial Regulation (the "Agency") undertook an investigation into the credit services business activities, mortgage assistance relief services, and foreclosure consulting activities of United Financial Resources, LLC ("United Financial") and William Wayland ("Wayland), (together, the "Respondents"); and

WHEREAS, as a result of that investigation, the Commissioner finds grounds to allege that Respondents violated various provisions of the Annotated Code of Maryland, including Commercial Law Article ("CL"), Title 14, Subtitle 19, (the Maryland Credit Services Businesses Act, hereinafter "MCSBA"), Financial Institutions Article ("FI"), Title 11, Subtitles 2 and 3, and Real Property Article ("RP"), Title 7, Subtitle 3 (Protection of Homeowners in Foreclosure Act, hereinafter "PHIFA"), and the Commissioner finds that action under FI §§ 2-114 and 2-115, and RP § 7-319.1 is appropriate.

WHEREAS, the Deputy Commissioner issued a Summary Order to Cease and Desist and Order to Produce (the "Summary Order") against Respondents on October 12, 2013, after determining that Respondents were in violation of the aforementioned provisions of Maryland law, and that it was in the public interest that Respondents cease and desist from engaging in credit services business activities or foreclosure consulting activities with Maryland residents,

homeowners or consumers (hereinafter “Maryland consumers”), including directly or indirectly offering, contracting to provide, or otherwise engaging in, loan modification, loss mitigation, foreclosure consulting, or similar services related to residential real property (hereinafter “loan modification services”); and that it is in the public interest that the Respondents cease and desist from directly or indirectly offering, contracting to provide, or otherwise engaging in mortgage assistance relief services with Maryland consumers.

WHEREAS, the Summary Order notified Respondents of, among other things, the following: that Respondents were entitled to a hearing before the Commissioner to determine whether the Summary Order should be vacated, modified, or entered as a final order of the Commissioner; that the Summary Order would be entered as a final order if Respondents did not request a hearing within 15 days of the receipt of the Summary Order; and that as a result of a hearing, or of Respondents’ failure to request a hearing, the Commissioner may, in the Commissioner’s discretion and in addition to taking any other action authorized by law, enter an order making the Summary Order final, issue penalty orders against Respondents, issue orders requiring Respondents to pay restitution and other money to consumers, as well as take other actions related to Respondents’ business activities; and

WHEREAS, the Summary Order was properly served on Respondents via First Class U.S. Mail and Certified U.S. Mail; and

WHEREAS, Respondents failed to request a hearing on the Summary Order within the fifteen (15) day period set forth in FI § 2-115, and CL § 14-1911, and have not filed a request for a hearing as of the date of this Final Order to Cease and Desist (this “Final Order”); and

WHEREAS, the Commissioner has based his decision in this Final Order on the following determinations:

1. The MCSBA defines “*credit services business*” at CL § 14-1901(e); this provision provides, in part, as follows:

(1) “Credit services business” means any person who, with respect to the extension of credit by others, sells, provides, or performs, or represents that such person can or will sell, provide, or perform, any of the following services in return for the payment of money or other valuable consideration:

(i) Improving a consumer’s credit record, history, or rating or establishing a new credit file or record;

(ii) Obtaining an extension of credit for a consumer; or

(iii) Providing advice or assistance to a consumer with regard to either subparagraph (i) or (ii) of this paragraph.

Additionally, CL § 14-1901(f) defines “*extension of credit*” as “the right to defer payment of debt or to incur debt and defer its payment, offered or granted primarily for personal, family, or household purposes.”

2. Pursuant to CL § 14-1902, “[a] credit services business, its employees, and independent contractors who sell or attempt to sell the services of a credit service business shall not: (1) [r]eceive any money or other valuable consideration from the consumer, unless the credit services business has secured from the Commissioner a license under Title 11, Subtitle 3 of the Financial Institutions Article ...”

3. Pursuant to CL § 14-1903(b), “[a] credit services business is required to be licensed under this subtitle and is subject to the licensing, investigatory, enforcement, and penalty provisions of this subtitle and Title 11, Subtitle 3 of the Financial Institutions Article.”

4. Pursuant to FI § 11-302, “[u]nless the person is licensed by the Commissioner, a person may not: (3) [e]ngage in the business of credit services business as defined under Title 14, Subtitle 19 of the Commercial Law Article.”

5. Pursuant to FI § 11-303, “[a] license under this subtitle shall be applied for and issued in accordance with and is subject to, the licensing and investigatory provisions of Subtitle 2 of this title, the Maryland Consumer Loan Law – Licensing Provisions.”

6. CL § 14-1903(a) addresses the scope of credit services contracts covered under MCSBA, providing as follows:

(a) In general. – Notwithstanding any election of law of designation of situs in any contract, this subtitle applies to any contract for credit services, if:

(1) The credit services business offers or agrees to sell, provide, or perform any services to a resident of this State;

(2) A resident of this State accepts or makes the offer in this State to purchase the services of the credit services business; or

(3) The credit services business makes any verbal or written solicitation or communication that originates either inside or outside of this State but is received in the State by a resident of this State.

7. Pursuant to CL § 14-1903.1, a person who advertises a service described in § CL § 14-1901(e)(1) of this subtitle, whether or not a credit services business, shall clearly and conspicuously state in each advertisement the number of: (1) [t]he license issued under § 14-1903 of this subtitle; or (2) [i]f not required to be licensed, the exemption provided by the Commissioner.

8. CL § 14-1904(a) provides that, “[b]efore either the execution of a contract or agreement between a consumer and a credit services business or the receipt by the credit services business of any money or other valuable consideration, the credit services business shall provide the consumer with a written information statement containing all of the information required under § 14-1905 of the [MCSBA].” CL § 14-1905(b) further requires a credit services business “to maintain on file for a period of 2 years from the date of the consumer’s acknowledgment a copy of the information statement signed by the consumer acknowledging receipt of the information statement.”

9. CL § 14-1905 sets forth the specific terms which must be provided in the information statement, stating in part, as follows:

(a) In general. - The information statement required under § 14-1904 of this subtitle shall include:

(5) A complete and detailed description of the services to be performed by the credit services business for or on behalf of the consumer, and the total amount the consumer will have to pay for the services.

(b) Additional requirements of licenses. - A credit services business required to obtain a license pursuant to § 14-1902 of this subtitle shall include in the information statement required under § 14-1904 of this subtitle:

(1) A statement of the consumer's right to file a complaint pursuant to § 14-1911 of this subtitle;

(2) The address of the Commissioner where complaints should be filed; and

(3) A statement that a bond exists and the consumer's right to proceed against the bond under the circumstances and in the manner set forth in § 14-1910 of this subtitle.

10. CL § 14-1906 sets for the requirements for contracts between credit services businesses and consumer, providing as follows:

(a) Requirements. - Every contract between a consumer and a credit services business for the purchase of the services of the credit services business shall be in writing, dated, signed by the consumer, and shall include:

(1) A conspicuous statement in size equal to at least 10-point bold type, in immediate proximity to the space reserved for the signature of the consumer as follows: "You, the buyer, may cancel this contract at any time prior to midnight of the third business day after the date of the transaction. See the attached notice of cancellation form for an explanation of this right;"

(2) The terms and conditions of payment, including the total of all payments to be made by the consumer, whether to the credit services business or to some other person;

(3) A complete and detailed description of the services to be performed and the results to be achieved by the credit services business for or on behalf of the consumer, including all guarantees and all promises of full or partial refunds and a list of the adverse information appearing on the consumer's credit report that the credit services business expects to have modified and the estimated date by which each modification will occur; and

(4) The principal business address of the credit services business and the name and address of its agent in this State authorized to receive service of process.

(b) Notice of cancellation form. – The contract shall be accompanied by a form completed in duplicate, captioned “NOTICE OF CANCELLATION”, which shall be attached to the contract and easily detachable, and which shall contain in at least 10-point bold type the following statement: “NOTICE OF CANCELLATION You may cancel this contract, without any penalty or obligation, at any time prior to midnight of the third business day after the date the contract is signed. If you cancel, any payment made by you under this contract will be returned within 10 days following receipt by the seller of your cancellation notice.

(c) Copies of completed contract and other documents to be given to consumer. – A copy of the completed contract and all other documents the credit services business requires the consumer to sign shall be given by the credit services business to the consumer at the time they are signed.

11. CL § 14-1907 provides in part as follows:

(a) Breach of contract. - Any breach by a credit services business of a contract under this subtitle, or of any obligation arising under it, shall constitute a violation of this subtitle.

(b) Void contracts. – Any contract for services from a credit services business that does not comply with the applicable provisions of this subtitle shall be void and unenforceable as contrary to the public policy of this State.

(c) Waivers. – (2) Any attempt by a credit services business to have a consumer waive rights given by this subtitle shall constitute a violation of this subtitle.

12. Pursuant to CL § 14-1908 a credit services business is required to obtain a surety bond pursuant to Title 11, Subtitle 3 of the Financial Institutions Article, issued by a surety company authorized to do business in this State (CL § 14-1909).

13. CL § 14-1912 discusses liability for failure to comply with the MCSBA, and provides as follows:

(a) Willful noncompliance. – Any credit services business which willfully fails to comply with any requirement imposed under this

subtitle with respect to any consumer is liable to that consumer in an amount equal to the sum of:

(1) Any actual damages sustained by the consumer as a result of the failure;

(2) A monetary award equal to 3 times the total amount collected from the consumer, as ordered by the Commissioner;

(3) Such amount of punitive damages as the court may allow; and

(4) In the case of any successful action to enforce any liability under this section, the costs of the action together with reasonable attorney's fees as determined by the court.

(b) Negligent noncompliance. - Any credit services business which is negligent in failing to comply with any requirement imposed under this subtitle with respect to any consumer is liable to that consumer in an amount equal to the sum of:

(1) Any actual damages sustained by the consumer as a result of the failure; and

(2) In the case of any successful action to enforce any liability under this section, the cost of the action together with reasonable attorney's fees as determined by the court.

14. Unless otherwise exempt, pursuant to CL §§ 14-1901(e) and 14-1903(d), persons engaged in the business of offering or providing residential loan modification services, in which they are offering forbearance services, loss mitigation service, and/or credit repair services, fall under the statutory definition of "credit services businesses," and are thereby subject to the licensing, investigatory, enforcement, and penalty provisions of the MCSBA.

15. The following relevant and credible evidence, obtained pursuant to the Commissioner's investigation, was considered in the issuance of the Summary Order: Respondents' standard documents for providing residential loan modification services for Maryland consumers; communications between Respondents and the Commissioner; communications between Respondents and Maryland consumers; statements by Maryland consumers who had entered into loan modification agreements with Respondents but for whom Respondents failed to obtain loan modifications; and the Commissioner's licensing records.

More particularly, at all times prior to the issuance of the Summary Order, the evidence adduced supports the following findings:

a. United Financial is a business entity offering loan modification services and operating out of offices in Bethesda, Maryland. United Financial has engaged in business activities with Maryland consumers involving Maryland residential real property, despite not being a registered with the Maryland State Department of Assessments and Taxation.

b. Wayland is the owner, director, officer, manager and/or employee of United Financial.

c. In February 2010, [REDACTED] and [REDACTED] (together "Consumer A"), entered into a loan modification agreement with Respondents. Consumer A paid Respondents approximately \$1,950 in up-front fees in exchange for which Respondents represented that they would be able to obtain a loan modification for Consumer A. Although they collected \$1,950 in up-front fees, Respondents never obtained any loan modification for Consumer A. Respondents have not refunded Consumer A the \$1,950 paid in up-front fees.

d. In March 2009, [REDACTED] ("Consumer B") entered into a loan modification agreement with Respondents. Consumer B paid Respondents approximately \$10,400 in up-front fees in exchange for which Respondents represented that they would be able to obtain a loan modification for Consumer B. Although they collected \$10,400 in up-front fees, Respondents never obtained any loan modification for Consumer B. Further, Consumer B requested a refund of the full amount of \$10,400 paid in up-front fees. However, Respondents refunded only \$1,900. \$

e. In September 2010, [REDACTED] ("Consumer C") entered into a loan modification agreement with Respondents. Consumer C paid approximately \$2,120 in up-front fees to Respondents, in exchange for which Respondents represented that they would be able to

obtain a loan modification for Consumer C. Although they collected \$2,120 in up-front fees, Respondents never obtained any loan modification for Consumer C and have failed to provide a refund of the \$2,120 requested by Consumer C.

f. In August 2010, [REDACTED] ("Consumer D"), entered into a loan modification agreement with Respondents. Consumer D paid approximately \$1,150 in up-front fees to Respondents, in exchange for which Respondents represented that they would be able to obtain a loan modification for Consumer D. Although they collected \$1,150 in up-front fees, Respondents never obtained any loan modification for Consumer D, and have failed to provide a refund of the \$1,150 requested by Consumer D.

g. In May 2011, [REDACTED] ("Consumer E") entered into a loan modification agreement with Respondents. Consumer E paid approximately \$1,895 in up-front fees to Respondents, in exchange for which Respondents represented that they would be able to obtain a loan modification for Consumer E. Although they collected \$1,895 in up-front fees, Respondents have never obtained any loan modification for Consumer E, and refused to the \$1,895 which is owed to Consumer E.

h. In November 2011, [REDACTED] (together "Consumer F"), entered into a loan modification agreement with Respondents. Consumer F paid approximately \$1,495 in up-front fees to Respondents in exchange for which Respondents represented that they would be able to obtain a loan modification for Consumer F. Although they collected \$1,495 in up-front fees, Respondents never obtained any loan modification for Consumer F, and have failed to provide a refund of the \$1,495 requested by Consumer F.

i. In August 2012, [REDACTED] ("Consumer G") entered into a loan modification agreement with Respondents. Consumer G paid Respondents approximately \$2,662 in up-front fees in exchange for which Respondents represented that they would be able to obtain

a loan modification for Consumer G. Although they collected \$2,662 in up-front fees, Respondents never obtained any loan modification for Consumer G. Further, Consumer B requested a refund of the full amount of \$2,662 paid in up-front fees. However, Respondents refunded only \$1,331.

j. In February 2011, [REDACTED] ("Consumer H") entered into a loan modification agreement with Respondents. Consumer H paid Respondents approximately \$1,500 in up-front fees in exchange for which Respondents represented that they would be able to obtain a loan modification for Consumer H. Although they collected \$1,500 in up-front fees, Respondents never obtained any loan modification for Consumer H and have failed to provide a refund of the \$1,500 requested by Consumer H.

j. In September 2012, [REDACTED] ("Consumer I") entered into a loan modification agreement with Respondents. Consumer I paid approximately \$2,195 in up-front fees in exchange for which Respondents represented that they would be able to obtain a loan modification for Consumer I. Although they collected \$2,195 in up-front fees, Respondents never obtained any loan modification for Consumer I and have failed to refund the \$2,195 requested by Consumer I.

k. In December 2012, [REDACTED] ("Consumer J") entered into a loan modification agreement with Respondents. Consumer J paid approximately \$2,500 in up-front fees in exchange for which Respondents represented that they would be able to obtain a loan modification for Consumer J. Although they collected \$2,500 in up-front fees, Respondents never obtained any loan modification for Consumer J and have failed to refund the \$2,500 requested by Consumer J.

l. In April 2012, [REDACTED] ("Consumer K") entered into a loan modification agreement with Respondents. Consumer K paid approximately \$2,300 in up-front

fees in exchange for which Respondents represented that they would be able to obtain a loan modification for Consumer K. Although they collected \$2,300 in up-front fees, Respondents never obtained any loan modification for Consumer K, and have failed to refund the \$2,300 requested by Consumer K.

m. In April 2012, [REDACTED] (together "Consumer L") entered into a loan modification agreement with Respondents. Consumer L paid approximately \$2,395 in up-front fees in exchange for which Respondents represented that they would be able to obtain a loan modification for Consumer L. Although they collected \$2,395 in up-front fees, Respondents never obtained any loan modification for Consumer L, and have failed to refund the \$2,395 requested by Consumer L.

n. In February 2013, [REDACTED] ("Consumer M") entered into a loan modification agreement with Respondents. Consumer M paid approximately \$1,990 in up-front fees, in exchange for which Respondents represented that they would be able to obtain a loan modification for Consumer M. Although they collected \$1,990 in up-front fees, Respondents never obtained any loan modification for Consumer M and have failed to refund the \$1,990 requested by Consumer M.

o. In April 2012, [REDACTED] ("Consumer N") entered into a loan modification agreement with Respondents. Consumer N paid approximately \$1,995 in up-front fees, in exchange for which Respondents represented that they would be able to obtain a loan modification for Consumer N. Although they collected \$1,995 in up-front fees, Respondents never obtained any loan modification for Consumer N, and have failed to provide a refund of the \$1,995 requested by Consumer N.

p. In November 2012, [REDACTED] ("Consumer O") entered into a loan modification agreement with Respondents. Consumer O paid approximately \$1,495 in up-front

fees, in exchange for which Respondents represented that they would be able to obtain a loan modification for Consumer O. Although they collected \$1,495 in up-front fees, Respondents never obtained any loan modification for Consumer O, and have failed to refund the \$1,495 requested by Consumer O.

q. In August 2012, [REDACTED] ("Consumer P") entered into a loan modification agreement with Respondents. Consumer P paid approximately \$3,500 in up-front fees, in exchange for which Respondents represented that they would be able to obtain a loan modification for Consumer P. Although they collected \$3,500 in up-front fees, Respondents never obtained any loan modification for Consumer P, and have failed to refund the \$3,500 requested by Consumer P.

r. In April 2012, [REDACTED] ("Consumer Q") entered into a loan modification agreement with Respondents. Consumer Q paid approximately \$2,200 in up-front fees, in exchange for which Respondents represented that they would be able to obtain a loan modification for Consumer Q. Although they collected \$2,200 in up-front fees, Respondents never obtained any loan modification for Consumer Q, and have failed to refund the \$2,200 requested by Consumer Q.

16. Respondents are subject to the MCSBA, including its prohibition on engaging in credit services business activities without first being licensed under the MCSBA pursuant to CL § 14-1902(1), CL § 14-1903(b), FI § 11-302, and FI § 11-303.

17. Respondents were licensed under the MCSBA from November 22, 2010 through October 14, 2012. However, Respondents were not licensed under the MCSBA when they entered into the loan modification agreements with Consumers A, B, C, D, J, M and O.

18. By representing they could provide residential mortgage loan modification services, and by entering into contractual agreements with Maryland consumers to provide such

services, during the period when they were not licensed under the MCSBA, Respondents have engaged in credit services business activities without the requisite license. Respondents' unlicensed loan modification activities thus constitute violations of CL § 14-1902(1), CL § 14-1903(b), FI § 11-302, and FI § 11-303, thereby subjecting the Respondents to the penalty provisions of the MCSBA.

19. Additionally, by collecting up-front fees prior to fully and completely performing all services on behalf of consumers, Respondents violated CL § 14-1902(6) of the MCSBA (“[a] credit services business, its employees, and independent contractors who sell or attempt to sell the services of a credit services business shall not: . . . (6) [c]harge or receive any money or other valuable consideration prior to full and complete performance of the services that the credit services business has agreed to perform for or on behalf of the consumer”).

20. Further, Respondents made or used false or misleading representations in their sale of services to Maryland consumers, thereby violating CL § 14-1902(4), when Respondents represented that they would obtain loan modifications for Maryland consumers, when in fact, Respondents never obtained such loan modifications and never returned the up-front fees.

21. Respondents further violated the MCSBA through the following: they failed to obtain the requisite surety bonds in violation of CL §§ 14-1908 and 14-1909; they failed to provide consumers with the requisite information statements in violation of CL §§ 14-1904 and 14-1905; and they failed to include the requisite contractual terms in their agreements with consumers as required under CL § 14-1906.

22. The contracts between Respondents and the consumers described herein failed to comply with the specific requirements imposed by the MCSBA (as discussed above), pursuant to CL §14-1907(b) all such contracts between Respondents and these consumers are void and unenforceable as against the public policy of the State of Maryland.

23. By failing to obtain the beneficial loan modification, or other form of forbearance agreement for the consumers with whom Respondents had entered into agreements, and from whom they had collected up-front fees, Respondents breached their contract with Consumer A and/or breached the obligations arising under that contract, which is a *per se* violations of the MCSBA pursuant to CL§ 14-1907(a).

24. Under PHIFA, (specifically RP § 7-301(i)), the term “*homeowner*” is defined as “the record owner of a residence in default or a residence in foreclosure, or an individual occupying the residence under a use and possession order issued under Title 8, Subtitle 2 of the Family Law Article.” In turn, pursuant to RP § 7-301(j), the term “*residence in default*” refers to homeowner-occupied Maryland residential real property “on which the mortgage is at least 60 days in default,” while pursuant to RP § 7-301(k), “*residence in foreclosure*” refers to homeowner-occupied Maryland residential real property “against which an order to docket or a petition to foreclose has been filed.”

25. Pursuant to RP § 7-301(c), a “*foreclosure consultant*” is defined as a person who:

(1) Solicits or contacts a homeowner in writing, in person, or through any electronic or telecommunications medium and directly or indirectly makes a representation or offer to perform any service that the person represents will:

(i) Stop, enjoin, delay, void, set aside, annul, stay, or postpone a foreclosure sale;

(ii) Obtain forbearance from any servicer, beneficiary or mortgagee;

(iii) Assist the homeowner to exercise a right of reinstatement provided in the loan documents or to refinance a loan that is in foreclosure and for which notice of foreclosure proceedings has been published;

(iv) Obtain an extension of the period within which the homeowner may reinstate the homeowner's obligation or extend the deadline to object to a ratification;

(v) Obtain a waiver of an acceleration clause contained in any promissory note or contract secured by a mortgage on a residence in default or contained in the mortgage;

(vi) Assist the homeowner to obtain a loan or advance of funds;

(vii) Avoid or ameliorate the impairment of the homeowner's

credit resulting from the filing of an order to docket or a petition to foreclose or the conduct of a foreclosure sale;

(viii) Save the homeowner's residence from foreclosure;

(ix) Purchase or obtain an option to purchase the homeowner's residence within 20 days of an advertised or docketed foreclosure sale; or

(x) Arrange for the homeowner to become a lessee or renter entitled to continue to reside in the homeowner's residence after a sale or transfer; or

(2) Systematically contacts owners of residences in default to offer foreclosure consulting services.

26. Unless otherwise exempt, the provisions of PHIFA apply to, *inter alia*, activities in which a person or business entity solicits, offers, sells, provides, or enters into an agreement to provide, residential mortgage loan modification services (a/k/a loss mitigation, foreclosure consulting, and similar services) pertaining to homeowner-occupied Maryland residential real property which is in default or in foreclosure.

27. The Commissioner's investigation revealed that the business activities of the Respondents are subject to PHIFA. By entering into agreements with Maryland homeowners in default or in foreclosure to provide residential mortgage loan modification services pertaining to homeowner-occupied Maryland residential real property, the Respondents acted as "foreclosure consultants" under PHIFA (as that term is defined at RP § 7-301(c)), as they had entered into "foreclosure consulting contracts" with homeowners for the provision of "foreclosure consulting services" (as those terms are defined under RP §§ 7-301(d) and (e), respectively). As such, the Respondents are required to comply with all provisions of PHIFA applicable to foreclosure consultants.

28. Respondents failed to comply with the requirements of PHIFA. First, the Respondents violated RP § 7-307(2) by requiring consumers to pay up-front fees prior to successfully obtaining a loan modification for these consumers.

29. The Respondents also violated PHIFA by inducing consumers to enter into a foreclosure consulting agreement which lacked the notices of rescission and related information required under RP §§ 7-305 and 7-306(a)(6), (b), and (c), and thus the Respondents violated RP § 7-307(10) (“[a] foreclosure consultant may not . . . [i]nduce or attempt to induce any homeowner to enter into a foreclosure consulting contract that does not comply in all respects with [PHIFA]).”

30. The Respondents further violated PHIFA when they breached the duty of reasonable care and diligence required under RP § 7-309(b) and BO&P § 17-532(c)(vi), including, but not limited to, the following conduct: they failed to perform those loan modification services for those consumers (described herein) to whom they promised and with whom they contracted, and for which they had collected an up-front fee. Respondents refused to provide refunds of the up-front fees to those consumers when such refunds were requested by the consumers for lack of service.

31. The federal Mortgage Assistance Relief Services Rule (hereinafter “Regulation O”), set forth in 12 C.F.R. Part 1015 went into effect on December 29, 2010.

32. “Mortgage assistance relief service” is defined under Regulation O at 12 C.F.R. § 1015.2, as follows:

Mortgage Assistance Relief Service means any service, plan, or program, offered or provided to the consumer in exchange for consideration that is represented, expressly or by implication to assist or attempt to assist the consumer with any of the following:

(1) Stopping, preventing, or postponing any mortgage or deed of trust foreclosure sale for the consumer’s dwelling, any repossession of the consumer’s dwelling, or otherwise saving the consumer’s dwelling from foreclosure or repossession;

(2) Negotiating, obtaining, or arranging a modification of any term of a dwelling loan, including reduction in the amount of interest, principal balance, monthly payments, or fees;

(3) Obtaining any forbearance or modification in the timing of payments from any dwelling loan holder or servicer on any dwelling loan;

- (4) Negotiating, obtaining, or arranging any extension of the period of time within which the consumer may:
 - (i) Cure his or her default on a dwelling loan,
 - (ii) Reinstate his or her dwelling loan,
 - (iii) Redeem a dwelling, or
 - (iv) Exercise any right to reinstate a dwelling loan or redeem a dwelling;
- (5) Obtaining any waiver of an acceleration clause or balloon payment contained in any promissory note or contract secured by any dwelling; or
- (6) Negotiating, obtaining or arranging:
 - (i) A short sale of a dwelling,
 - (ii) A deed-in-lieu of foreclosure, or
 - (iii) Any other disposition of a dwelling other than a sale to a third party who is not the dwelling loan holder.

33. "Mortgage assistance relief service provider" is defined under Regulation O at 12 C.F.R. § 1015.2, as follows:

Mortgage Assistance Relief Service Provider or Provider means any person that provides, offers to provide, or arranges for others to provide, any mortgage assistance relief service. This term does not include:

- (1) The dwelling loan holder, or any agent or contractor of such individual or entity.
- (2) The servicer of a dwelling loan, or any agent or contractor of such individual or entity.

34. Additional definitions for "consumer", "dwelling", "dwelling loan", "dwelling loan holder" and "person" are provided for in 12 C.F.R. § 1015.2 and add further context and clarity to the meaning of "mortgage assistance relief service provider" ("MARS providers").

35. Regulation O, 12 C.F.R. § 1015.3 prohibits MARS providers from making certain representations, including: (a) representing, expressly or by implication, in connection with the advertising, marketing, promotion, offering for sale, sale, or performance of any mortgage assistance relief service, that a consumer cannot or should not contact or communicate with his or her lender or servicer; (b) misrepresenting, expressly or by implication, any material aspect of any mortgage assistance relief service, including but not limited to (1) the likelihood of negotiating, obtaining or arranging any represented service or result, such as those set forth in §

1015.2; (2) the amount of time it will take to accomplish any represented service or result, such as those set forth in the definition of mortgage assistance relief in § 1015.2.

36. Pursuant to 12 C.F.R. § 1015.4, it is a violation of Regulation O for MARS providers to fail to include the disclosures set for in § 1015.4 (a) for all general commercial communications, and it is a violation of Regulation O for MARS providers to fail to include the additional disclosures set forth in § 1015.4 (b) for all consumer-specific commercial communications.

37. Pursuant to 12 C.F.R. § 1015.5(a) of Regulation O, “[i]t is a violation of this rule for any mortgage assistance relief service provider to: (a) [r]equest or receive payment of any fee or other consideration until the consumer has executed a written agreement between the consumer and the consumer’s dwelling loan holder or servicer incorporating the offer of mortgage assistance relief the provider obtained from the consumer’s dwelling loan holder or servicer.”

38. MARS providers are required to give consumers additional disclosures and notices with the written agreement specified in 12 C.F.R. § 1015.5(a) and the failure to provide such disclosures and notices is a violation of Regulation O (*see* 12 C.F.R. § 1015.5(b)-(d)).

39. The loan modification activities of the Respondent constitute “mortgage assistance relief services” under 12 C.F.R. § 1015.2, and satisfy the definition of “mortgage relief service providers” under 12 C.F.R. § 1015.2. Respondents are therefore subject to and required to comply with, Regulation O.

40. By representing that they would actually be able to obtain loan modifications for Maryland consumers, and the consumers described herein specifically, from consumers’ lenders, Respondents violated 12 C.F.R. § 1015.3(b)(1) of Regulation O (“Prohibited representations”).

41. Respondents' written communications to Maryland consumers, and the consumers described herein specifically, failed to include the disclosures required pursuant to 12 C.F.R. § 1015.4, and thus Respondents have violated Regulation O.

42. By collecting up-front fees prior to consumers executing "a written agreement between the consumer and the consumer's dwelling loan holder or servicer ...", Respondents violated 12 C.F.R. § 1015.5(a) of Regulation O.

43. The Maryland Mortgage Assistance Relief Services Act ("Maryland MARS Act" RP § 7-501 *et seq.*) went into effect on July 1, 2013. Pursuant to RP §7-501(d), "mortgage assistance relief service" has the meaning stated in 12 C.F.R. § 1015.2 and any subsequent revision of that federal regulation. Further, pursuant to RP § 7-501(e), "mortgage assistance relief service provider" has the meaning stated in 12 C.F.R. § 1015.2 and any subsequent revision of that regulation, and that definition incorporates the meanings of other terms stated in 12 C.F.R. § 1015.2 to the extent those terms are used to establish the meaning of "mortgage assistance relief service provider."

44. RP § 7-502 of the Maryland MARS Act requires compliance with federal Regulation O: "[a] mortgage assistance relief service provider providing mortgage assistance relief service in connection with a dwelling in the State that does not comply with 12 C.F.R. §§ 1015.1 through 1015.11, and any subsequent revision of those regulations is in violation of this subtitle."

45. Pursuant to RP §§ 7-501 and 7-502, the Respondents and their loan modification activities are currently subject to the Maryland MARS Act, including the investigative and enforcement authority of the Commissioner as set forth in RP § 7-506.

NOW, THEREFORE, having determined that Respondents waived their right to a hearing in this matter by failing to request a hearing within the time period specified in the

Summary Order, and pursuant to CL §§ 14-1902, 14-1907, 14-1912, and FI § 2-115(b), RP §§ 7-307, 7-309 and 7-319.1 it is by the Maryland Commissioner of Financial Regulation, hereby:

ORDERED that the Summary Order issued by the Deputy Commissioner against Respondents on October 12, 2013, is entered as a final order of the Commissioner as modified herein, and that Respondents shall permanently **CEASE** and **DESIST** from engaging in any further credit services business activities and/or foreclosure consultant activities with Maryland consumers, including contracting to provide, or otherwise engaging in loan modification services, foreclosure consulting, or similar services with Maryland consumers; and it is further

ORDERED that Respondents shall permanently **CEASE** and **DESIST** from directly or indirectly offering, contracting to provide, or otherwise engaging in, mortgage assistance relief services with Maryland consumers; and it is further

ORDERED that Respondents shall permanently **CEASE** and **DESIST** from violating the aforementioned statutory provisions of the Annotated Code of Maryland, including, but not limited to: Title 14 Subtitle 19 of the Commercial Law Article (Maryland Credit Services Business Act), Title 11, Subtitles 2 and 3 of the Financial Institutions Articles, Title 7, Subtitle 3 of the Real Property Article (Protection of Homeowners in Foreclosure Act), and Title 7, Subtitle 5 of the Real Property Article (Maryland Mortgage Assistance Relief Services Act); and it is further

ORDERED that, pursuant to FI §2-115(b), RP §§7-319.1, and 7-506 and upon careful consideration of (i) the seriousness of the Respondents' violations; (ii) the lack of good faith of Respondents, (iii) the history and nature of Respondents' violations; and (iv) the deleterious effect of Respondents' violations on the public and on the credit services businesses and mortgage industries, Respondents shall pay to the Commissioner a total civil money penalty in the amount of **\$62,000**, which consists of the following:

<i>Prohibited Activity and Violation</i>	Penalty per Violation	x Number of Violations	= Penalty
<i>Unlicensed Activity in Violation of MCSBA</i>	\$1,000	7 Md. Consumers	\$7,000
<i>Charging Up-Front Fees in Violation of MCSBA</i>	\$1,000	16 Md. Consumers	\$16,000
<i>Failure to secure a Surety Bond in Violation of MCSBA</i>	\$1,000	7 Md. Consumer	\$7,000
<i>Charging Up-Front Fees in Violation of PHIFA</i>	\$1,000	16 Md. Consumer	\$16,000
<i>Breaching the Duty of Reasonable Care and Diligence in Violation of PHIFA</i>	\$1,000	16 Md. Consumer	\$16,000
		Total	\$62,000

And it is further,

ORDERED that Respondents shall pay to the Commissioner, by cashier's or certified check made payable to the "Commissioner of Financial Regulation," the amount of **\$62,000** within fifteen (15) days from the date of this Final Order; and it is further


ORDERED that, pursuant to CL § 14-1907(b), all loan modification agreements which Respondents entered into with the Maryland consumers described herein, and any other Maryland consumers with whom Respondents entered into loan modification agreements, but whom Respondents failed to identify in response to the Commissioner's Order to Produce, are void and unenforceable as contrary to the public policy of the State of Maryland; and it is further

ORDERED that, as Respondents' activities constituted willful noncompliance with the MCSBA, pursuant to CL § 14-1912(a) Respondents shall pay a monetary award in an amount equal to three times the amount collected from these consumers; and thus Respondents shall pay monetary awards to **Consumers A through Q**, identified herein and in the amounts set forth on Exhibit A, attached hereto and a made a part hereof; and it is further

ORDERED that Respondents shall pay the required monetary award to those consumers described herein within 30 days of the date of this Final Order. Respondents shall make payment by mailing to each consumer a check in the amount specified above via U.S. First Class Mail at the most recent address of that consumer known to the Respondents. If the mailing of a payment is returned as undeliverable by the U.S. Postal Service, Respondents shall promptly notify the Commissioner in writing for further instruction as to the means of the making of said payment. Upon the making of the required payments, the Respondents shall furnish evidence of having made the payments to the Commissioner within sixty (60) days of this Final Order being signed, which evidence shall consist of a copy of the front and back of the cancelled check for each payment; and it is further

ORDERED that Respondents shall send all correspondence, notices, civil penalties and other required submissions to the Commissioner at the following address: Commissioner of Financial Regulation, 500 North Calvert Street, Suite 402, Baltimore, Maryland 21202, Attn: Proceedings Administrator.

5/28/14
Date



Mark A. Kaufman
Commissioner of Financial Regulation

EXHIBIT A
ATTACHED TO FINAL ORDER
CASE NO.: CFR-FY2011-227

Respondents shall pay a monetary award to those Maryland consumers described herein as follows:

1. To Consumer A \$ 5,850
2. To Consumer B \$25,500
3. To Consumer C \$ 6,360
4. To Consumer D \$ 3,450
5. To Consumer E \$ 5,685
6. To Consumer F \$ 4,485
7. To Consumer G \$ 7,986
8. To Consumer H \$ 4,500
9. To Consumer I \$ 6,585
10. To Consumer J \$ 7,500
11. To Consumer K \$ 6,900
12. To Consumer L \$ 7,185
13. To Consumer M \$ 5,970
14. To Consumer N \$ 5,985
15. To Consumer O \$ 4,485
16. To Consumer P \$10,500
17. To Consumer Q \$ 6,600