IN THE MATTER OF:	BEFORE THE MARYLAND
1ST CHOICE DOCUMENT PREPARATION, LLC, d/b/a RESULTS FOR HOMEOWNERS P.C. a/k/a RESULTS FOR HOMEOWNERS;	**COMMISSIONER OF FINANCIAL REGULATION**
RESULTS FOR HOMEOWNERS P.C. a/k/a RESULTS FOR HOMEOWNERS;	
GEORGE L. PARKER, JR.; and	**Case No.: CFR-FY-2012-175**
BRANDON L. KINGCAID,	
Respondents.	

SUMMARY ORDER TO CEASE AND DESIST
AND ORDER TO PRODUCE

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 and mortgage assistance relief services activities of the following: 1st Choice Document Preparation, LLC, d/b/a Results for Homeowners P.C. a/k/a Results for Homeowners; Results for Homeowners P.C. a/k/a Results for Homeowners; George L. Parker, Jr.; and Brandon L. Kingcaid, (collectively, the "Respondents"); and

WHEREAS, as a result of that investigation, the Commissioner of Financial Regulation (the "Commissioner") finds grounds to allege that Respondents violated various provisions of Maryland law, including the Maryland Credit Services Businesses Act ("MCSBA," at Title 14, Subtitle 19 of the Commercial Law Article ("CL"), Annotated Code

of Maryland), Title 11, Subtitles 2 and 3 of the Financial Institutions Article ("FI"), Annotated Code of Maryland, and the Protection of Homeowners in Foreclosure Act ("PHIFA", at Title 7, Subtitle 3 of the Real Property Article ("RP"), Annotated Code of Maryland), and the Commissioner finds that action under FI §§ 2-114 and 2-115 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 engaging in any credit services business activities and any mortgage assistance relief service activities with Maryland residents, homeowners and/or consumers (hereinafter "Maryland consumers"), including directly or indirectly offering, contracting to provide, or otherwise engaging in, loan modification activities, loss mitigation services, foreclosure consulting, or similar services related to Maryland residential real property (hereinafter "mortgage assistance relief services").

1. FI §§ 2-115(a) and (b) set forth the Commissioner's authority to issue summary cease and desist orders, and to take additional actions for violations 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), including issuing final cease and desist orders, suspending or revoking licenses, issuing monetary penalties, or taking any combination of these actions.

2. 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."

3 In the present matter, in March 2012, the Agency began an investigation into the business activities of Respondents as a result of a consumer complaint. Pursuant to the Agency's inquiry into Respondents' business activities, the Commissioner developed reasonable grounds to believe that the Respondents had engaged in unlicensed credit services business activities with Maryland consumers in violation of various provisions of Maryland Law, including, but not limited to, the MCSBA and FI Title 11, Subtitles 2 and 3, and that the Respondents' business activities constituted other violations of the MCSBA and PHIFA. The legal and factual bases for these determinations are described below.

VIOLATIONS OF THE MARYLAND CREDIT SERVICES BUSINESSES ACT

4. The MCSBA provides, pursuant to CL § 14-1902, that "[a] credit services business, its employees, and independent contractors who sell or attempt to sell the services of a credit services 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. . . ."

5. 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."

6. 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 a credit services business as defined under Title 14, Subtitle 19 of the Commercial Law Article."

7. 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."

8. 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.

9. 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."

10. CL § 14-1902 further provides, in pertinent part, as follows:

> A credit services business, its employees, and independent contractors who sell or attempt to sell the services of a credit services business shall not:
> (4) Make or use any false or misleading representations in the offer or sale of the services of a credit services business;
> (5) Engage, directly or indirectly, in any act, practice, or course of business which operates as a fraud or deception on any person in connection with the offer or sale of the services of a credit services business;
> (6) Charge 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;
>
> * * *

11. 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 or 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.

12. Pursuant to CL § 14-1903.1,

> A person who advertises a service described in § 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) The license issued under § 14-1903 of this subtitle; or
> (2) If not required to be licensed, the exemption provided by the Commissioner.

13. 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."

14. CL § 14-1905 indicates 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 such 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.

15. CL § 14-1906 discusses requirements for contracts between credit services businesses and consumers, 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.

16. 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.

17. CL § 14-1908 provides that, "[a] credit services business is required to obtain a surety bond pursuant to Title 11, Subtitle 3 of the Financial Institutions Article." Further, CL § 14-1909 provides that, "[t]he surety bond shall be issued by a surety company authorized to do business in this State."

18. CL § 14-1912 discusses liability for failure to comply with the MCSBA, providing 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.

19. Mortgage assistance relief services generally include obtaining an extension of credit for consumers, namely obtaining forbearance or other deferrals of payment on consumers' mortgage loans. This includes any offered services intended as part of the loan modification process, or which are represented to consumers to be necessary for participating in a loan modification program. Under certain circumstances, mortgage assistance relief services may involve improving a consumer's credit record, history, or rating, or establishing a new credit file or record. Therefore, unless otherwise exempt, pursuant to CL §§ 14-1901(e) and 14-1901(f), prior to July 1, 2013, persons providing mortgage assistance relief services, in which they were offering forbearance services, loss mitigation services, and/or credit repair services, fell under the statutory definition of "credit services businesses," and were thereby subject to the licensing, investigatory, enforcement, and penalty provisions of the MCSBA.[1]

20. The Agency's investigation determined that 1st Choice Document Preparation, LLC (hereinafter "1st Choice") is a Delaware limited liability company offering loan modification services and operating from locations in California, Delaware, and South Dakota. The Agency's investigation further revealed that Results for Homeowners P.C. a/k/a Results for Homeowners is the name of a business entity that is not registered to

[1] The MCSBA was amended during the 2013 legislative session and the changes went into effect on July 1, 2013. After that date, mortgage assistance relief services were no longer covered by the MCSBA, but were instead regulated under the Maryland Mortgage Assistance Relief Services Act, discussed below. However, all of the alleged violations in this matter occurred prior to that date, and so unless otherwise indicated, all references to the MCSBA are from the 2012 version of the Maryland Code.

conduct business in any state, but is a name utilized by 1st Choice to enter into loan modification agreements with consumers. (1st Choice and Results for Homeowners will collectively be referred to as the "Respondent business entities.") The Respondent business entities acted in concert in a single enterprise, and engaged in business activities in the State of Maryland with Maryland consumers, although neither entity is registered with the Maryland State Department of Assessments & Taxation.

21. The Agency's investigation further revealed that Respondents George L. Parker, Jr. and Brandon L. Kingcaid (the "individual Respondents") are the owners, directors, officers, managers, and/or agents of the Respondent business entities. These individual Respondents directed or exercised control over the business activities and finances of the Respondent business entities, including with regard to their loan modification activities with Maryland consumers.

22. The Agency's investigation also revealed that Respondents, both directly and through third party referral agents, advertised and marketed loan modification services to Maryland residents, including, but not limited to, using internet-based advertising and by directly calling residents at their homes in Maryland, representing that Respondents could obtain loan modifications for homeowners in foreclosure or in default on their residential mortgage loans, or who were struggling in making their mortgage payments. Respondents operated a web site at http://www.resultsforhomeowners.com, and communicated with consumers via phone and by email. Consumers sent all documents related to these agreements, including mortgage and financial documents, to the Respondents at a UPS Store mailbox in Wilmington, Delaware.

23. The Agency's investigation revealed that, in approximately June 2012, [redacted] ("Consumer A"), who was more than 60 days in default on her Maryland residential mortgage loan, entered into a loan modification agreement with Respondents. Consumer A paid $2,597 in up-front fees to Respondents, in exchange for which Respondents promised to obtain a loan modification for Consumer A. Respondents also directed Consumer A to stop making mortgage payments to her mortgage lender or servicer.

24. The Agency's investigation determined that although Respondents collected $2,597 in up-front fees, Respondents never obtained the promised loan modification for Consumer A. Further, Respondents failed to provide Consumer A with a full refund, which they had promised to provide pursuant to their agreement if a loan modification was not obtained.

25. The Agency's investigation revealed that, in approximately June 2012, [redacted] ("Consumer B"), who had a Maryland residential mortgage loan, entered into a loan modification agreement with Respondents. Consumer B paid $3,495 in up-front fees to Respondents, in exchange for which Respondents promised to obtain a loan modification for Consumer B. Respondents also directed Consumer B to stop making mortgage payments to his mortgage lender or servicer, as a result of which Consumer B went more than 60 days into default on his residential mortgage loan.

26. The Agency's investigation determined that although Respondents collected $3,495 in up-front fees, Respondents never obtained the promised loan modification for Consumer B. Further, Respondents failed to provide Consumer B with a full refund, which they had promised to provide pursuant to their agreement if a loan modification was not obtained.

27. The Agency's investigation revealed that Respondents engaged in similar loan modification activities with at least 79 other Maryland consumers, for a total of 81 Maryland consumers, and that Respondents collected at least $167,644.00 in up-front fees from these 81 consumers. The names of these 81 Maryland consumers and the amounts collected from each are provided at **Attachment A**.

28. In the present matter, Respondents' loan modification activities are subject to the MCSBA, including the MCSBA's prohibition on engaging in credit services business activities without first being licensed pursuant to CL §14-1903(b), FI § 11-302, and FI § 11-303. However, at no time relevant to the facts set forth in this Summary Order to Cease and Desist ("Summary Order") have any of Respondents been licensed by the Commissioner under the MCSBA.

29. By representing that they could provide loan modification services to Maryland consumers, and by entering into agreements with Maryland consumers to provide loan modification services, Respondents engaged in credit services business activities without the requisite license. Respondents' unlicensed loan modification activities thus constituted violations of CL §14-1903(b), FI § 11-302, and FI § 11-303.

30. Additionally, by collecting money from Maryland consumers without first obtaining the requisite license, Respondents violated CL § 14-1902(1). Further, by collecting up-front fees prior to fully and completely performing all services on behalf of consumers, Respondents violated CL § 14-1902(6).

31. Respondents made or used false or misleading representations in their sale of services to Maryland consumers, thereby violating CL § 14-1902(4), when Respondents' advertisements and other marketing materials claimed that they would obtain beneficial loan

modifications for Maryland homeowners, when in fact Respondents never obtained such beneficial modifications for Maryland homeowners.

32. Respondents further violated the MCSBA through the following: in their loan modification advertisements, they failed to clearly and conspicuously state their license number under the MCSBA or their exemption, in violation of CL § 14-1903.1; 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 Respondents failed to include the requisite contractual terms in their agreements with consumers as required under CL § 14-1906.

33. Further, as the agreements between Respondents and consumers 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 Maryland consumers are void and unenforceable as against the public policy of State of Maryland.

34. Additionally, by failing to obtain loan modifications for Maryland consumers which Respondents had agreed to provide, and then by failing to provide the promised refunds, Respondents breached their contracts with Maryland consumers and/or breached the obligations arising under those agreements. Pursuant to CL § 14-1907(a), such breaches constitute *per se* violations of the MCSBA.

35. Each of the violations of the MCSBA discussed above subjects Respondents to the penalty provisions and other sanctions of the MCSBA and of FI § 2-115(b).

VIOLATIONS OF THE PROTECTION OF HOMEOWNERS IN FORECLOSURE ACT

36. 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."

37. 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.

38. Pursuant to RP § 7-301(d), a "*foreclosure consulting contract*" is defined as "a written, oral, or equitable agreement between a foreclosure consultant and a homeowner for the provision of any foreclosure consulting service."

39. Pursuant to RP § 7-301(e), a "*foreclosure consulting service*" includes:

> (1) Receiving money for the purpose of distributing it to creditors in payment or partial payment of any obligation secured by a lien on a residence in default;
> (2) Contacting creditors on behalf of a homeowner;
> (3) Arranging or attempting to arrange for an extension of the period within which a homeowner may cure the homeowner's default and reinstate the homeowner's obligation;
> (4) Arranging or attempting to arrange for any delay or postponement of the sale of a residence in default;
> (5) Arranging or facilitating the purchase of a homeowner's equity of redemption or legal or equitable title;
> (6) Arranging or facilitating the sale of a homeowner's residence or the transfer of legal title, in any form, to another party as an alternative to foreclosure; or
> (7) Arranging for or facilitating a homeowner remaining in the homeowner's residence after a sale or transfer as a tenant, renter, or lessee under terms provided in a written lease.

40. PHIFA provides that, "a homeowner has the right to rescind a foreclosure consulting contract at any time" (RP § 7-305), and that a foreclosure consulting contract must include, *inter alia*, appropriate notices of rescission and related information (*see* RP §§ 7-306(a)(6), (b), and (c)).

41. RP § 7-307(2) provides that a foreclosure consultant may not "[c]laim, demand, charge, collect, or receive any compensation until after the foreclosure consultant has fully performed each and every service the foreclosure consultant contracted to perform

or represented that the foreclosure consultant would perform." Further, RP § 7-307(7) states that a foreclosure consultant may not "[r]eceive any money to be held in escrow or on a contingent basis on behalf of the homeowner."

42. RP § 7-307(10) provides that 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 this subtitle."

43. Pursuant to RP § 7-309(b), "[a] foreclosure consultant owes the same duty of care to a homeowner as a licensed real estate broker owes to a client under § 17-532 of the Business Occupations and Professions Article" ("BO&P"). The pertinent duty of care in the referenced statute is stated to be "[the duty to] exercise reasonable care and diligence." BO&P § 17-532(c)(vi).

44. Pursuant to RP § 7-319.1, the Commissioner may enforce the provisions of PHIFA, and applicable regulations, by, among other things, issuing orders in accordance with the Commissioner's general powers under FI §§ 2-113 – 2-116, including issuing final cease and desist orders, and imposing a civil penalty up to $1,000 for a first violation of PHIFA, and up to $5,000 for each subsequent violation. The Commissioner may also require persons to take affirmative action to correct a violation, including the restitution of money or property to individuals aggrieved by the violation.

45. 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 a Maryland residence in default or in foreclosure.

46. The Agency's investigation revealed that the business activities of Respondents are subject to PHIFA. The Maryland consumers with whom Respondents entered into loan modification agreements were in default or in foreclosure on their Maryland residential mortgage loans, or they went into default as a result of Respondents directing them to stop making payments on their residential mortgage loans. By entering into agreements with Maryland homeowners to provide residential mortgage loan modification services pertaining to homeowner-occupied Maryland residential real property, which homeowners were in default or in foreclosure or went into default as a result of the actions of the Respondents, 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, Respondents were required to comply with all provisions of PHIFA applicable to foreclosure consultants.

47. The Agency's investigation demonstrated that the Respondents failed to comply with the requirements of PHIFA. First, Respondents violated RP § 7-307(2) by requiring Maryland homeowners to pay up-front fees prior to successfully obtaining a loan modification for the Maryland consumers.

48. Respondents also violated PHIFA by inducing Maryland homeowners to enter into foreclosure consulting agreements which lacked the notices of rescission and related information required under RP §§ 7-305 and 7-306(a)(6), (b), and (c), and thus 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])."

49. 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: the Respondents failed to perform those loan modification and foreclosure prevention services for Maryland consumers which they promised to provide and for which they had collected up-front fees; and Respondents refused to provide refunds to Maryland consumers when such refunds were required to be provided pursuant to the terms of their loan modification agreements, even when such refunds were requested by consumers for lack of service.

50. Each of the violations of PHIFA discussed above subjects Respondents to the penalty provisions and other sanctions of PHIFA and of FI § 2-115(b).

FAILURE TO COMPLY WITH THE AGENCY'S INVESTIGATION

51. Respondents failed to respond to multiple subpoenas issued by the Agency in conjunction with this case, and otherwise completely failed to cooperate or otherwise comply with the investigation, as they were required to do pursuant to FI §§ 2-113 and 2-114. As such, Respondents are subject to the monetary sanctions set forth in FI § 2-115(b).

REGULATION UNDER THE MARYLAND MORTGAGE ASSISTANCE RELIEF SERVICES ACT

52. The Maryland Mortgage Assistance Relief Services Act ("MARSA," at Title 7, Subtitle 5 of the Real Property Article ("RP"), Annotated Code of Maryland), went into effect on July 1, 2013. The Commissioner has broad regulatory authority to investigate and enforce MARSA pursuant to RP § 7-506.

53. MARSA requires compliance with the federal Mortgage Assistance Relief Services Rule (hereinafter, "Regulation O"), set forth in 12 C.F.R. Part 1015. Specifically, RP § 7-502 provides as follows: "[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."

54. Pursuant to RP § 7-501(d) of MARSA, "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 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."

55. In turn, 12 C.F.R. § 1015.2 defines "mortgage assistance relief service provider" as "any person that provides, offers to provide, or arranges for others to provide, any mortgage assistance relief service," excluding "[t]he dwelling loan holder, or any agent or contractor of such individual or entity," and "[t]he servicer of a dwelling loan, or any agent or contractor of such individual or entity." Further, 12 C.F.R. § 1015.2 defines "mortgage assistance relief service" 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 a 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.

Therefore, under the pertinent federal regulations, incorporated into Maryland law through RP §§ 7-501 and 502 of MARSA, the definition of "mortgage assistance relief service provider" includes persons offering, providing, or representing that they can provide, loan modification services.

56. Additionally, pursuant to 12 C.F.R. § 1015.3 of Regulation O, mortgage assistance relief service providers are prohibited from making certain representations, providing as follows:

> It is a violation of this rule for any mortgage assistance relief service provider to engage in the following conduct:
> **(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 the definition of *Mortgage Assistance Relief Service* in § 1015.2 ;
> (2) The amount of time it will take the mortgage assistance relief service provider to accomplish any represented service or result, such as those set forth in the definition of *Mortgage Assistance Relief Service* in § 1015.2;
>
> * * *

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

58. Pursuant to 12 C.F.R. § 1015.5(a) of Regulation O, mortgage assistance relief service providers are prohibited from collecting any up-front or other fees from consumers prior to the consumer entering into a written agreement with their lender or servicer that incorporates the offer of mortgage assistance relief, stating as follows:

> It is a violation of this rule for any mortgage assistance relief service provider to:
> **(a)** Request 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;
>
> * * *

59. Further, 12 C.F.R. § 1015.5(b) – (d) of Regulation O requires mortgage assistance relief service providers to give additional disclosures and notices to consumers at

the time the provider furnishes the consumer with the written agreement specified in paragraph 12 C.F.R. § 1015.5(a); the failure to provide such notices and disclosures also constitutes a violation of Regulation O.

60. The loan modification activities of Respondents conducted since July 1, 2013 constitute "mortgage assistance relief services" under 12 C.F.R. § 1015.2, and the Respondents satisfy the definition of "mortgage assistance relief service providers" under 12 C.F.R. § 1015.2. As such, the Respondents' loan modification activities after that date are subject to both Regulation O and MARSA, including the investigative and enforcement authority of the Commissioner set forth in RP § 7-506.

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

ORDERED that Respondents shall immediately **CEASE** and **DESIST** from engaging in any credit services business activities and any mortgage assistance relief service activities with Maryland consumers, including, but not limited to, directly or indirectly offering, contracting to provide, or otherwise engaging in, loan modification activities, loss mitigation services, foreclosure consulting, or other similar services with Maryland consumers; it is further

ORDERED that Respondents shall immediately **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 Businesses Act), Title 11, Subtitles 2 and 3 of the Financial Institutions

Article, 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 that Respondents should be assessed statutory monetary penalties and directed to make restitution for all such violations; and it is further

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

a. The names, addresses, and phone numbers of all Maryland residents, homeowners and/or consumers (hereinafter "Maryland consumers") who, at any time on or after January 1, 2007, retained or contracted with Respondents for the purpose (in whole or in part) of providing mortgage loan modification, loss mitigation, foreclosure consulting, or similar services related to Maryland residential real property (hereinafter "loan modification services") for them or on their behalf.

   i. For each Maryland consumer identified above, specify whether the person was current, in default, or in foreclosure on their residential mortgage loan as of the date they entered into the agreement to obtain loan modification services.

   ii. Additionally, if the person was in default, specify the number of days that they were in default as of the date that they entered into the agreement. Also indicate whether the person was directed to stop making payments on their residential mortgage loan.

b. Any and all documents under Respondents' control or in their possession pertaining to their loan modification services, agreements, and activities on or after January 1, 2007 related to the Maryland consumers identified above, including all agreements or contracts entered into with Maryland consumers.

c. The names, addresses, and phone numbers of third-party individuals or business entities ("third parties") who, at any time on or after January 1, 2007, referred or agreed to refer consumers, potentially including Maryland consumers, to Respondents for the purpose (in whole or in part) of providing loan modification services.

d. The names, addresses, and phone numbers of third-parties to whom, at any time on or after January 1, 2007, Respondents referred or agreed to refer, consumers, potentially including Maryland consumers, for the purpose (in whole or in part) of providing loan modification services, or to whom Respondents referred or agreed to refer consumers, potentially including Maryland consumers, for the purpose of obtaining a consumer loan in order to finance loan modification services.

e. 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 loan modification services to be performed on or after January 1, 2007, or to any associated referral arrangements, fees, or other forms of compensation.

f. Copies of all marketing and advertising materials potentially reaching Maryland consumers on or after January 1, 2007 which Respondents, or which third parties marketing directly or indirectly on Respondents' behalf, use or have used to market or advertise Respondents' loan modification services, including, but not limited to, copies of all printed marketing materials, internet advertisements, radio and television advertisements, and the scripts of any telephone marketing cold calls.

g. The names, addresses, and phone numbers of all of Respondents' current and former owners, partners, members, officers, employees, associates, agents, and/or contractors who, on or after January 1, 2007 and during their period of employment or association with Respondents, agreed to provide, provided, or assisted in providing, Maryland consumers with loan modification services.

h. Information or documents providing following: the names of all current and former principals, owners, officers, directors, managing members, members, and partners of the Respondent business entities; the contact information for each person identified, including their business address, mailing address (if different), phone number, and email address; all positions held with Respondents; and the dates in each position.

i. All organizational and governing documents for the Respondent business entities, including but not limited to the following: articles of organization; articles of incorporation; operating agreements; partnership agreements; bylaws; other governing documents; and other like documents pertaining to each company's overall structure, governance, and/or operations.

j. Documents detailing financial asset information for all Respondents and for all members of the Respondent business entities for the period from January 1, 2007 through the present, including audited financial statements, unaudited financial statements, tax returns, and like documents.

k. Copies of any surety bonds which Respondents hold, or have held, which would cover any of the loan modification agreements referenced herein.

l. If the Respondents, or if any of the principals, owners, officers, directors, managing members, members, or partners of the Respondent business entities, has ever been named as a respondent, defendant, or party in any action by a federal, state, or local regulatory or law enforcement agency (hereinafter, "governmental agency"), information or documents which provide the following: the name of the governmental agency; the date the action was commenced; the status of the action; a copy of any complaint, charging letter, summary order, or like document; and a copy of any final order, judgment, or settlement agreement.

And it is further

ORDERED that failure to provide the information and documents set forth above, by the dates specified, will result in negative inferences being drawn against Respondents, including but not limited to the following: that Respondents utilized the same basic form loan modification agreements with all Maryland consumers from whom Respondents collected money; that all of Respondents' business activities with Maryland consumers were subject to the MCSBA and PHIFA; that the individual Respondents directed or controlled all of the activities of the Respondent business entities, and thus all Respondents should be held jointly and severally liable for any violations; that all the mortgage assistance relief service activities of the Respondents were knowing and willful; that the Respondents have acted in bad faith, both in their interactions with Maryland consumers and in their conduct towards the Agency; and that the financial assets of Respondents will not be considered as a mitigating factor in assessing any penalties or restitution; and it is further

ORDERED that the failure to provide the information and documents set forth above, by the dates specified, will constitute a violation of an order of the Commissioner and subject the Respondents to monetary sanctions under FI § 2-115(b), in addition to any penalties assessed against Respondents for their failure to comply with the subpoenas previously issued by the Agency; and it is further

ORDERED that all provisions of this Summary Order, including all orders and notices set forth herein, shall also apply to all unnamed owners, partners, directors, managers, members, officers, employees, and/or agents of the Respondent business entities; and it is further

ORDERED that individual Respondents George L. Parker, Jr. and Brandon L. Kingcaid shall provide a copy of this Summary Order to all unnamed owners, partners, directors, managers, members, officers, employees, and/or agents of the Respondent business entities.

FURTHERMORE,

RESPONDENTS ARE HEREBY NOTIFIED that, pursuant to FI § 2-115 and CL § 14-1911, 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,

RESPONDENTS ARE HEREBY NOTIFIED that, pursuant to FI § 2-115, CL § 14-1911, and RP § 7-319.1, 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,

RESPONDENTS ARE HEREBY NOTIFIED that, pursuant to Code of Maryland Regulations ("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), individual 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 Respondents' own expense; and further,

RESPONDENTS ARE HEREBY NOTIFIED that, pursuant to SG §§ 9-1607.1 and 10-206.1, and in accordance with SG § 10-207(b)(4), business entities are only

permitted to request a hearing, and to appear at such hearing, through an attorney authorized to practice law in Maryland at Respondents' own expense; and further,

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:

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

And further,

RESPONDENTS ARE HEREBY NOTIFIED that, pursuant to FI § 2-115(b), as a result of a hearing, or of Respondents' failure to timely 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, enter an order making this Cease and Desist Order final, issue a penalty order against Respondents imposing a civil penalty up to $1,000 for the first of each violation of Maryland law cited above, up to $5,000 for each subsequent violation (with potential monetary penalties in this case totaling over ONE MILLION DOLLARS), or may take any combination of the aforementioned actions against Respondents. Additionally, pursuant to RP § 7-319.1(c) the Commissioner may enter an order directing Respondents to take affirmative action to correct the violations described herein, including the restitution of money or property to any person aggrieved by the violations. The Commissioner may also enter a final order declaring, pursuant to CL §§ 14-1902 and 14-1907, that all agreements for loan modification services made by Respondents

with Maryland consumers are void and unenforceable as contrary to the public policy of the State of Maryland. In addition, pursuant to CL § 14-1912, as a result of Respondents' failure to comply with requirements imposed under the MCSBA, the Commissioner may also enter an order requiring Respondents to pay consumers a monetary award equal to any actual damages sustained by the consumers as a result of that failure, including but not limited to refunding to Maryland consumers all money and other valuable consideration that consumers paid to Respondents or to their agents, which is in any way related to these agreements, and in instances of willful noncompliance under the MCSBA, an additional monetary award equal to 3 times the total amount collected from the consumers (with potential restitution and other payments to Maryland consumers totaling almost SEVEN HUNDRED THOUSAND DOLLARS). The Commissioner may also refer this matter to the appropriate agencies for criminal prosecution under CL § 14-1915.

MARYLAND COMMISSIONER OF
FINANCIAL REGULATION

4/9/2015
Date

By: _____
Keisha Whitehall Wolfe
Acting Deputy Commissioner

Attachment A

Redacted in Full