

IN THE MATTER OF:

HOME RESCUE, LLC,

Respondent.

BEFORE THE MARYLAND  
COMMISSIONER OF  
FINANCIAL REGULATION

Case No.: CFR-FY2010-100

SETTLEMENT AGREEMENT AND CONSENT ORDER

This Settlement Agreement and Consent Order ("Agreement") is entered into this 3<sup>rd</sup> day of December, 2010, by and between the Maryland Commissioner of Financial Regulation (the "Commissioner"), and Home Rescue, LLC (the "Respondent" or "Home Rescue"). The Commissioner and Respondent (the "Parties") consent to the entry of this Agreement as a final resolution of this matter. All paragraphs below are intended to be part of the contractual obligations of the Parties hereto, so far as they may be so construed, and are not mere recitals to this Agreement.

1. Pursuant to the Annotated Code of Maryland Commercial Law Article ("CL"), Title 14, Subtitle 19, (the Maryland Credit Services Businesses Act, hereinafter "MCSBA"), and Financial Institutions Article ("FI"), Title 11, Subtitles 2 and 3, the Commissioner is responsible for licensing and regulating, *inter alia*, residential mortgage loan modification services (a/k/a loss mitigation, foreclosure consulting, and similar services) provided to consumer loans secured by residential real property located in the State of Maryland (the "State").

2. The Commissioner has received information which would justify administrative

charges being brought against Respondent based, in part, on the fact that Respondent violated the MCSBA by providing unlicensed residential loan modification services without first obtaining a license under the MCSBA. This determination was based, in part, on the following facts:

a. That Respondent at all times relevant to the facts set forth herein, has been an active Maryland business entity. Further, Respondent has engaged in business activities in the State of Maryland involving Maryland consumers;

b. That Respondent routinely offered, contracted to provide, or otherwise engaged in direct or indirect mortgage loan modification services with Maryland consumers. More specifically, Respondent directly entered into contracts with Maryland consumers to provide such services, and therefore was directly involved in the mortgage loan modification process;

c. That the Commissioner issued a Summary Order to Cease and Desist in Case no. DFR-FY2010-012 naming Katie Lee Douglas, L.L.C. a/k/a Katie Lee Douglas, Esq., P.C., and Katie Lee Douglas, Esquire a/k/a Katie Lee Douglas, Esq., L.L.C. a/k/a Katie Lee Douglas, Esq., P.C. (collectively "Katie Lee Douglas"), alleging, in part, that Respondent contracted with or otherwise worked together with Katie Lee Douglas, to offer mortgage loan modification services to Maryland consumers without first obtaining a license under the MCSBA.

d. That Respondent provided loan modification services as a subcontractor or otherwise in participation with Katie Lee Douglas to provide mortgage loan modification

services to two hundred fifteen (215) Maryland consumers and was therefore directly involved in the mortgage loan modification process. See "Exhibit A" attached hereto;

e. That, on or about December 31, 2008, [REDACTED] (collectively "Consumer A"), entered into an "Agreement for Research and Analysis" with Katie Lee Douglas, LLC. That such agreement, and the contracted for services therein, constitute part of the mortgage loan modification process. Therefore, this contract between Katie Lee Douglas, LLC and Consumer A is for mortgage loan modification services. Consumer A paid \$2,675 in total up-front fees made payable to Katie Lee Douglas, LLC who collected this money on behalf of Katie Lee Douglas, LLC and Respondent, in exchange for which Respondent and Katie Lee Douglas, LLC agreed to provide mortgage loan modification services for Consumer A.

f. That, in late 2008, [REDACTED] ("Consumer B"), who was in default on his Maryland residential mortgage loan, entered into a written loan modification agreement with Katie Lee Douglas. Consumer B paid \$2,322 in up-front fees to Katie Lee Douglas and Respondent, in exchange for which Katie Lee Douglas and Respondent represented that they would obtain a loan modification for Consumer B ;

g. That, in early 2009, [REDACTED] ("Consumer C") entered into a written loan modification agreement with Katie Lee Douglas. Consumer C paid \$1,500 in total up-front fees by checks made payable to Katie Lee Douglas who collected this money on behalf of Respondent and on behalf of themselves, in exchange for which Katie Lee Douglas and Respondent represented that they would obtain a loan modification for Consumer C;

h. That, in May of 2009, [REDACTED] ("Consumer D") entered into a

written loan modification agreement with Respondent. Consumer C paid approximately \$2,920 in up-front fees, in exchange for which Katie Lee Douglas and Respondent represented that they would obtain a loan modification for Consumer D;

i. The Commissioner's investigation revealed that, in August of 2009, [REDACTED] ("Consumer E") entered into a written loan modification agreement with Katie Lee Douglas. Consumer E paid approximately \$2764 in up-front fees, in exchange for which Katie Lee Douglas and Respondent represented that they would obtain a loan modification for Consumer E;

j. That in April of 2009, [REDACTED] ("Consumer F") entered into a written loan modification agreement with Katie Lee Douglas. Consumer F paid approximately \$2,325 in up-front fees, in exchange for which Katie Lee Douglas and Respondent represented that they would obtain a loan modification for Consumer E; and

k. That there were two hundred and fifteen (215) Maryland consumers for which Katie Lee Douglas and Respondent provided loan modification services and where those consumers paid up-front fees for such services. See "Exhibit A" attached hereto;

3. Respondent admits to the facts stated herein, however, it does not admit to the alleged violations set forth above. Nonetheless, Respondent wishes to resolve the alleged violations without the need for administrative proceedings or other legal proceedings, and to avoid the costs associated with such proceedings and any potential appeals, and therefore agrees to resolve this matter fully, finally, and completely without administrative charges being filed or administrative proceedings commenced, or an administrative hearing or injunction, and further accepts without condition, and fully agrees to abide by, each and every term set

forth in this Agreement.

4. The Commissioner desires to ensure that Respondent will comply with all applicable statutes, regulations, and others laws governing Maryland mortgage lending, brokering, origination, modification, and mitigation, and further wishes to avoid the costs to the taxpayers of an administrative hearing and/or injunction and any potential appeals.

5. Respondent has agreed to take each and every one of the following actions in exchange for a final resolution of all allegations made herein:

a. Within thirty (30) days after full execution and delivery of this Agreement, Respondent will make a refund to the following Maryland consumers in the amount specified (which totals \$8,346.50):

<u>Homeowner Name</u>	<u>Amount of refund</u>
[REDACTED]	\$1,500
[REDACTED]	\$2,920
[REDACTED]	\$2764
[REDACTED]	\$1162.50
<b>TOTAL</b>	<b>\$8,346.50</b>

b. Respondent will continue to provide loan modification services contemplated under contracts entered into with Maryland consumers which have not been completed and are currently in process, in which Respondent agreed as a third party vendor/subcontractor to provide loan modification services;

c. Respondent must either satisfy those obligations under each loan modification agreement resulting in a permanent loan modification for each Maryland consumer, or otherwise provide a refund, within one hundred and eighty (180) days from the

date of execution and delivery of this Agreement;

d. Respondent will be liable for all refunds due and owing to any Maryland consumer with whom Respondent contracted to provide loan modification services. Payment made on each and every refund contemplated under this Settlement Agreement will be made by check, made payable to the Maryland consumer(s) at their last known address, or such updated address as can be identified through customary address verification means. If a Maryland consumer fails to cash a check then those funds will be transferred to the custody of the State Comptroller as "abandoned property" pursuant to Annotated Code of Maryland, Commercial Law Article, Title 17, and shall be administered for the benefit of the Maryland consumer(s) accordingly, however, each check will either be negotiated by the respective Maryland consumer or transferred to the State Comptroller as "abandoned property" within one (1) year from the date of execution of this Agreement;

e. Respondent will submit a report to the Commissioner confirming compliance with the terms of this Agreement within two hundred and twenty (220) days from the date of execution and delivery of this Agreement. The report will include evidence of any refund made under this Agreement, which evidence shall consist of a copy of the front and back of the cancelled check for each payment;

f. Immediately upon execution and delivery of this Agreement, Respondent will remit a \$2,000 investigation fee to the Commissioner by money order or certified check made payable to the Commissioner of Financial Regulation;

g. Immediately upon execution and delivery of this Agreement, Respondent will remit a \$ 8,500 civil penalty to the Commissioner by money order or certified

check made payable to the Commissioner of Financial Regulation;

h. Respondent agrees to fully cooperate with the Commissioner in any other related investigation involving business entities or individuals not a party to this Agreement, including providing testimony at any administrative or other legal proceeding that may arise; and

i. Except as is specifically authorized under this Agreement, Respondent will cease providing any and all residential loan modification services unless and until they are in full compliance with the MCSBA, and with FI, Title 11, Subtitles 2 and 3, except if expressly permitted to act under this Agreement. Respondent will not enter into any new agreements to provide loan modification services to Maryland consumers unless licensed under and in full compliance with the MCSBA.

6. Respondent acknowledges that it has voluntarily entered into this Agreement with full knowledge of its right to a hearing, arising from any charges brought by the Commissioner based on the alleged violations, pursuant to MCSBA, and FI, Title 11, Subtitles 2 and 3, and the Maryland Administrative Procedures Act (Md. Code Ann., State Gov't. § 10-201 *et seq.*), and that Respondent hereby waives its right to a hearing. Respondent further acknowledges that it has had an opportunity to consult with independent legal counsel in connection with the waiver of rights and with the negotiation and execution of this Agreement, and that Respondent has either consulted with independent legal counsel or has knowingly and voluntarily elected not to consult with counsel.

7. Respondent represent that, except as is expressly contemplated in this Agreement, it is currently in compliance with all applicable statutes, regulations, and others

laws governing Maryland mortgage lending, brokering, origination, modification, and mitigation, and that Respondent will continue to act in compliance at all future times.

8. The Parties hereto agree that this Agreement shall be binding and enforceable in court by the Commissioner and by Respondent, shall be admissible in court, and shall be binding upon and inure to any of Respondent's present and future owners, members, officers, employees, successors, and assigns.

9. The Parties hereto agree that any notices hereunder shall be effectively "delivered" when sent via overnight delivery or certified mail as follows:

a. To the Commissioner:

Commissioner of Financial Regulation  
500 North Calvert Street, Suite 402  
Baltimore, Maryland 21202-3651  
ATTN: Mark Kaufman, Deputy Commissioner

Copy to:

Jedd Bellman, Esquire  
Staff Attorney  
500 North Calvert Street, Suite 406  
Baltimore, Maryland 21202-3651

b. To Respondent:

J. Steven Lovejoy, Esquire  
901 Dulaney Valley Road, Suite #610  
Towson, Maryland 21204

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

**ORDERED** that Respondent shall adhere to all terms of this Settlement Agreement  
and Consent Order; and it is

**ORDERED** that Respondent shall, subject to the terms of this Settlement Agreement



and Consent Order, operate its business activities in full compliance with all statutes, regulations, and other laws governing mortgage lending, brokering, origination, modification, and mitigation in the State of Maryland, and shall continue to act in full compliance at all future times; and it is further

**ORDERED** that, in the event Respondent, or any of the owners, principles, directors, officers, managers, members, employees, or agents of Respondent, violate any provision of this Settlement Agreement and Consent Order, or otherwise engage in the activities which formed the basis for the allegations set forth above, the Commissioner may, at the Commissioner's discretion, take any enforcement actions available under FI § 2-115(b), and under CL §§ 14-1902, 14-1907, 14-1911(f), and 14-1912, as well as take any other enforcement actions as permitted by, and in accordance with, applicable State law; and that such enforcement actions could include an order to cease and desist, civil money penalties of up to \$1,000 for each violation and up to \$5,000 for each subsequent violation, an order to provide restitution of money or property to any aggrieved persons, an action for relief in Maryland Circuit Court, and/or referral for possible criminal prosecution; and it is further

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

**ORDERED** that this document shall constitute a final order of the Maryland Commissioner of Financial Regulation and, although Respondent does not admit to the alleged violations set forth above, nevertheless, the Commissioner may consider this Settlement Agreement and Consent Order and the facts set forth herein in connection with, and in

deciding, any action or proceeding before the Commissioner; and that this Settlement Agreement and Consent Order may, if relevant, be admitted into evidence in any matter before the Commissioner.

It is so **ORDERED**.

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

**MARYLAND COMMISSIONER  
OF FINANCIAL REGULATION**

**HOME RESCUE, LLC**

By:  \_\_\_\_\_

Anne Balcer Norton  
Acting Deputy Commissioner

By:  \_\_\_\_\_

Dwayne Hiltner, CEO, Member