

The Official Website of the Office of Consumer Affairs & Business Regulation (OCABR)

Mass.Gov

## Consumer Affairs and Business Regulation

---

Home > Government > Our Agencies and Divisions > Division of Banks >

DEVAL L. PATRICK  
GOVERNOR

TIMOTHY P. MURRAY  
LIEUTENANT GOVERNOR

BARBARA ANTHONY  
UNDERSECRETARY

**Contact:**

Jason Lefferts  
(617) 973-8767  
(617) 930-4578

**June 04, 2009 - For immediate release:**

### Division of Banks Announces Actions Against Mortgage Lenders and Brokers

#### 87 Licensees Closed for Violations of Financial Rules

**BOSTON - June 4, 2009** - The Division of Banks (Division) today announced the issuance of 87 cease-and-desist orders against licensed mortgage lenders and mortgage brokers in Massachusetts. The Division closed these licensees today after they failed to provide required financial information, including the failure to post a bond.

In September 2007, the Division amended its regulations regarding the licensing of mortgage brokers and lenders. Earlier in 2007, the Mortgage Summit Working Groups (convened by the Division to address the foreclosure crisis comprised of representatives of government, industry, and non-profit organizations) had recommended raising the barriers to entry, including the financial requirements for mortgage lenders and mortgage brokers.

The new regulations required mortgage broker applicants to submit a bond in the amount of \$75,000 and to submit financial statements annually that have been either audited or reviewed. Mortgage lender applicants were required to submit a bond ranging from at least \$100,000 to \$500,000 and to file audited financial statements each year. The Division provided a transition for existing licensees until Dec. 31, 2008, to allow the companies time to obtain a bond.

Each of the 87 companies closed today was required to submit their financial statements and evidence of a bond to the Division no later than March 31. After the March 31 deadline, the Division gave further opportunities for any licensee who had not submitted the required information to comply. There were 824 licensees before today's action.

"The Division increased the financial requirements of licensees for a reason, to protect consumers," said Barbara Anthony, the Undersecretary of the Office of Consumer Affairs and Business Regulation. "Having a bond in place ensures that if consumers are harmed there is some residual value to seek redress in the event that no other form of restitution exists."

Commissioner of Banks Steven L. Antonakes said, "The companies closed today have had ample opportunity to secure and submit the required bond. Failure to submit a bond could be an indication of the underlying weakness of the company. However, given the current state of the mortgage industry, I expect that the unresponsiveness of these companies is a result of their winding down their operations or having already closed. In any event, the Division will not tolerate any licensee that has willfully failed to comply with these requirements."

Today's orders prohibit the companies from accepting any new applications. In addition, the companies have been ordered to place all pending applications with a qualified lender or broker at no expense to the consumer. The [list of companies closed today is attached](#) to this release.

If a consumer has a pending application with one of the companies closed today, they are urged to contact their mortgage broker, if applicable, to place the loan with a qualified lender. Alternatively, consumers can call the Division's Mortgage Hotline at **(800) 495-2265, extension 1501**.

NOTE: Since the Division issued the cease and desist orders earlier this morning, as of 2:00 PM, the following five companies have contacted the Division and provided satisfactory evidence that they have a bond:

Approved Home Mortgage, Inc.  
JP Mortgage Group, LLC  
Mason Mortgage LLC  
Multi-State Mortgage, Inc.  
Slade Mortgage Group, Inc.

The Division will release these companies from the order and they will be allowed to continue to conduct business in Massachusetts.

---

© 2009 Commonwealth of Massachusetts