

Dated: September 2, 2004.

**Tom Ridge,**

Secretary of Homeland Security.

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**DEPARTMENT OF HOUSING AND  
URBAN DEVELOPMENT**

[Docket No. FR-4914-N-04]

**Mortgagee Review Board;  
Administrative Actions**

**AGENCY:** Office of the Assistant Secretary for Housing-Federal Housing Commissioner, HUD.

**ACTION:** Notice.

**SUMMARY:** In compliance with section 202(c) of the National Housing Act, this notice advises of the cause and description of administrative actions taken by HUD's Mortgagee Review Board against HUD-approved mortgagees.

**FOR FURTHER INFORMATION CONTACT:**

David E. Hintz, Acting Secretary to the Mortgagee Review Board, 451 Seventh Street, SW., Washington, DC 20410-8000, telephone: (202) 708-3856, extension 3594. A Telecommunications Device for Hearing- and Speech-Impaired Individuals (TTY) is available at (800) 877-8339 (Federal Information Relay Service).

**SUPPLEMENTARY INFORMATION:** Section 202(c)(5) of the National Housing Act (added by section 142 of the Department of Housing and Urban Development Reform Act of 1989, Pub. L. 101-235, approved December 15, 1989), requires that HUD "publish a description of and the cause for administrative action against a HUD-approved mortgagee" by the Department's Mortgagee Review Board (Board). In compliance with the requirements of section 202(c)(5), this notice advises of administrative actions that have been taken by the Board from February 1, 2003 to July 31, 2004.

**1. Accent Mortgage Services, Inc.,  
Alpharetta, GA [Docket No. 03-3219-  
MR]**

*Action:* Settlement Agreement signed March 26, 2004. Without admitting fault or liability, Accent Mortgage Services, Inc. (AMS) agreed to pay a civil money penalty in the amount of \$75,000.

*Cause:* The Board took this action based on the following violations of HUD and Federal Housing Administration (HUD/FHA) requirements in origination of HUD/FHA-insured loans where AMS: allowed non-HUD/FHA approved entities to originate and process HUD/FHA-

insured loans that were registered with HUD, as loans originated and processed by AMS; and entered into prohibited branch agreements with its branch managers.

**2. Advantage Investors Mortgage  
Corporation, Dallas, TX [Docket No.  
01-1447-MR]**

*Action:* Settlement Agreement signed September 15, 2003. Without admitting fault or liability, Advantage Investors Mortgage Corporation (AIM) agreed to pay a civil money penalty in the amount of \$247,500. AIM also agreed to indemnify HUD for any losses incurred on 29 loans.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where AIM: Failed to verify the source and adequacy of funds required for closing and/or to pay off debts; failed to adequately verify employment and/or used false and/or inaccurate income to qualify mortgagors; failed to include or determine all of the mortgagor's liabilities and/or the liabilities of the non-purchasing spouse in mortgage qualification; failed to resolve outstanding delinquent federal debt; failed to obtain required inspections and/or certifications relating to property eligibility; failed to recalculate the maximum mortgage amount at closing resulting in an over-insured mortgage; failed to resolve or clarify important file discrepancies; charged mortgagors excessive or unallowable fees; failed to retain the entire case file for a minimum period of two years from the date of insurance endorsement; and failed to report fraud to HUD.

**3. Alliance Mortgage Banking  
Corporation, Levittown, NY [Docket No.  
01-1571-MR]**

*Action:* Settlement Agreement signed September 17, 2003. Without admitting fault or liability, Alliance Mortgage Banking Corporation (AMB) agreed to pay an administrative payment in the amount of \$500,000. AMB also agreed to indemnify HUD for any losses incurred on three loans.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where AMB: Failed to identify and/or resolve false or conflicting documentation prior to approving HUD/FHA mortgagors; failed to obtain sufficient documentation to verify the source and adequacy of funds for the downpayment and/or closing costs; approved a loan where the appraiser's estimate of the market value of the property was significantly

inflated; and failed to establish a quality control plan that conforms with HUD/FHA requirements.

**4. Amera Mortgage Corporation,  
Farmington Hills, MI [Docket No. 03-  
3442-MR]**

*Action:* Settlement Agreement signed July 20, 2004. Without admitting fault or liability, Amera Mortgage Corporation (AMC) agreed to pay an administrative payment in the amount of \$43,000. AMC also agreed to indemnify HUD for any losses incurred on two loans.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where AMC: Failed to ensure that their employees worked exclusively for AMC; failed to pay all operating expenses for branch and satellite offices; failed to ensure their branch managers only managed one branch; shared branch office space with another entity; failed to properly notify HUD of its corporate changes; failed to properly verify the source and adequacy of funds used for downpayment and closing costs; charged borrowers fees which are not in compliance with HUD/FHA requirements; and failed to guarantee an interest rate and/or discount points at least 15 days prior to the date the loan closed.

**5. American Union Mortgage, Inc.,  
Sandy, UT [Docket No. 02-1873-MR]**

*Action:* Settlement Agreement signed May 14, 2004. Without admitting fault or liability, American Union Mortgage, Inc. (AUM) agreed to pay a civil money penalty in the amount of \$150,000.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where AUM: Accepted loans originated by personnel not employed by or not exclusively employed by AUM; signed false lender certifications contained in the Addendum to Uniform Residential Loan Applications; and failed to implement and maintain a quality control plan in compliance with HUD/FHA requirements.

**6. ARC Mortgage, Inc., Saddlebrook, NJ  
[Docket No. 03-3124-MR]**

*Action:* Settlement Agreement signed April 14, 2004. Without admitting fault or liability, ARC Mortgage, Inc. (ARC) agreed to pay an administrative payment in the amount of \$40,500. ARC also agreed to indemnify HUD for any losses incurred on six loans.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination

of HUD/FHA-insured loans where ARC: Failed to ensure the borrower met the three percent statutorily required minimum cash investment; used falsified documentation and/or conflicting information to originate the loans and obtain HUD/FHA mortgage insurance; failed to properly document the borrower's income and/or employment; failed to establish the source and/or adequacy of funds for the downpayment and/or the costs due at closing; and charged borrowers a \$395 commitment fee without appropriate documentation of an interest rate and/or discount points lock-in 15 days prior to closing.

**7. Bartlett Mortgage, Inc., Bartlett, TN [Docket No. 04-4169-MR]**

*Action:* In a letter dated December 23, 2003, the Board accepted an offer from Bartlett Mortgage, Inc. (Bartlett) to pay \$223,405.78 as full payment for indemnifications due HUD.

*Cause:* The Board took this action because Bartlett failed to comply with the terms of a previously executed indemnification agreement with the Department.

**8. Best Mortgage Inc., Gladstone, MO [Docket No. 04-4271-MR]**

*Action:* Settlement Agreement signed August 3, 2004. Without admitting fault or liability, Best Mortgage Inc. (Best) agreed to pay HUD \$402,650.43, the full amount due the Department under three previously executed indemnification agreements.

*Cause:* The Board took this action because Best failed to comply with the terms of three Indemnification Agreements executed with the Department on July 26, 2001.

**9. California Housing Finance Agency, Sacramento, CA [Docket No. 02-2155-MR]**

*Action:* Settlement Agreement signed September 29, 2003. Without admitting fault or liability, the California Housing Finance Agency (CHFA) agreed to pay an administrative payment in the amount of \$322,500.

*Cause:* The Board took this action as a result of CHFA's failure to perform property inspections on HUD/FHA-insured multifamily projects.

**10. Capitol State Mortgage Corporation, Houston, TX [Docket No. 03-3216-MR]**

*Action:* On November 10, 2003, the Board issued a letter to Capitol State Mortgage Corporation (CSM) permanently withdrawing its HUD/FHA approval. The Board also voted to impose a civil money penalty in the amount of \$5,500.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where CSM: Submitted financial statements to HUD that were falsified and were not audited by a licensed certified public accountant for fiscal years ending June 30, 1995-1999; and employed and retained an officer, partner, director or principal at such time when such person was suspended or debarred.

**11. Carlton Mortgage Services, Inc., Palatine, IL [Docket No. 03-3217-MR]**

*Action:* On April 22, 2004, the Board issued a letter to Carlton Mortgage Services Inc. (CMS) withdrawing its HUD/FHA approval for three years. The Board also voted to impose a civil money penalty in the amount of \$126,162.50.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where CMS: Failed to provide evidence that its quality control plan was implemented and maintained in compliance with HUD/FHA requirements; failed to timely remit up-front mortgage insurance premiums; failed to submit loans for endorsement in a timely manner; submitted delinquent loans for endorsement; and charged commitment fees that were not in compliance with HUD/FHA requirements.

**12. Chapel Mortgage Corporation, Rancocas, NJ [Docket No. 04-4281-MR]**

*Action:* Settlement Agreement signed August 12, 2004. Without admitting fault or liability, Chapel Mortgage Corporation (CMC) agreed to pay an administrative payment in the amount of \$100,000. CMC also agreed to indemnify HUD for any losses incurred on 19 loans.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where CMC: failed to identify and/or provide an analysis of prior sales that occurred within one year of the appraisal report; falsely certified that the loans were eligible for FHA mortgage insurance; failed to include/evaluate borrower debt and/or document satisfactory explanations of the derogatory credit; approved loans with ratios that exceeds HUD/FHA's established standards without significant compensating factors; failed to adequately document the source of funds used for the downpayment and/or closing costs; failed to provide HUD with the requested quality control reviews; and failed to ensure that borrowers who had

been charged a commitment fee executed a commitment agreement guaranteeing discount points at least 15 days prior to the date the loan closed.

**13. Charter One Bank NA, Troy, MI [Docket No. 03-3112-MR]**

*Action:* Settlement Agreement signed March 10, 2004. Without admitting fault or liability, Charter One Bank (COB) agreed to pay an administrative payment in the amount of \$3,000.

*Cause:* The Board took this action as a result of COB's failure to perform a property inspection on one HUD/FHA-insured multifamily project.

**14. Colorado Housing Finance Authority, Denver, CO [Docket No. 03-3107-MR]**

*Action:* Settlement Agreement signed November 13, 2003. Without admitting fault or liability, Colorado Housing Finance Authority (CHFA) agreed to pay an administrative payment in the amount of \$3,000.

*Cause:* The Board took this action as a result of CHFA's failure to perform a property inspection on one HUD/FHA-insured multifamily project.

**15. Connecticut Housing Finance Authority, Rocky Hill, CT [Docket No. 03-3231-MR]**

*Action:* Settlement Agreement signed July 7, 2004. Without admitting fault or liability, Connecticut Housing Finance Authority (CHFA) agreed to pay an administrative payment in the amount of \$15,000.

*Cause:* The Board took this action as a result of CHFA's failure to perform property inspections on HUD/FHA-insured multifamily projects.

**16. Credit Services Investment Mortgage Corporation, Waco, TX [Docket No. 02-1791-MR]**

*Action:* Settlement Agreement signed September 17, 2003. Without admitting fault or liability, Credit Services Investment Mortgage Corporation (CSI) agreed to pay HUD an administrative payment in the amount of \$16,500.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where CSI: allowed non-HUD approved entities and non-CSI employees to originate HUD/FHA-insured loans in violation of the HUD/FHA requirements.

**17. Crest Mortgage Company, Dallas, TX [Docket No. 02-1839-MR]**

*Action:* On April 21, 2004, the Board issued a letter to Crest Mortgage Company (CMC) withdrawing its HUD/FHA approval for five years. The Board

also voted to impose a civil money penalty in the amount of \$206,500.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where CMC: falsely certified to HUD that the information contained in the Uniform Residential Loan Application was obtained directly from the mortgagor by a full time employee of the mortgagor; failed to verify the transfer of gift funds; failed to verify the source of funds needed to close loans and/or satisfy delinquent obligations; failed to ensure that mortgagors met their minimum capital investment requirements; failed to adequately verify income; failed to resolve discrepancies in loan documents; failed to implement a quality control plan in compliance with HUD/FHA requirements; permitted loan documents to be hand-carried by an interested third party; and permitted an employee involved in the loan to process the application.

**18. CW Capital, LLC, Needham, MA [Docket No. 04-4232-MR]**

*Action:* Settlement Agreement signed July 27, 2004. Without admitting fault or liability CW Capital, LLC (CWC) agreed to pay HUD an administrative payment in the amount of \$3,000.

*Cause:* The Board took this action as a result of CWC's failure to perform a property inspection on one HUD/FHA-insured multifamily project.

**19. De Oro, Inc., Ontario, CA [Docket No. 03-3127-MR]**

*Action:* Settlement Agreement signed January 13, 2004. Without admitting fault or liability, De Oro, Inc. (DOI) agreed to pay HUD an administrative payment in the amount of \$175,000. DOI also agreed to indemnify HUD for any losses incurred on 13 loans.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where DOI: failed to segregate the collection of up-front mortgage insurance premiums (UFMIP) of HUD-insured mortgages from its general operating accounts for the years 2001 and 2002; failed to remit timely UFMIP for the years 2001 and 2002; failed to implement and maintain a quality control plan in compliance with HUD/FHA guidelines; failed to submit loans for endorsement in a timely manner; failed to properly evaluate credit risk; failed to properly verify the source and adequacy of funds for the downpayment and/or closing costs; failed to properly verify income; failed to adequately monitor the section 203(k) repair process; and failed to

adequately address conflict of interest situations.

**20. Fifth Third Bank, Cincinnati, OH [Docket No. 03-3113-MR]**

*Action:* Settlement Agreement signed September 3, 2003. Without admitting fault or liability, Fifth Third Bank (FTB) agreed to pay an administrative payment in the amount of \$3,000.

*Cause:* The Board took this action as a result of FTB's failure to perform a property inspection on one HUD/FHA-insured multifamily project.

**21. First American Home Loan & Mortgage Company, Merrillville, IN [Docket No. 03-3221-MR]**

*Action:* The Board voted to accept First American Home Loan & Mortgage Company's (FAHL) offer to pay an administrative payment of \$24,500 and repayment of fees improperly charged borrowers.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where FAHL: failed to implement and maintain a quality control plan in compliance with HUD/FHA requirements for two and a half years; charged commitment fees that were not in compliance with HUD/FHA requirements; and charged borrowers unallowable fees.

**22. First Banc Mortgage, Inc., Clayton, MO [Docket No. 02-1909-MR]**

*Action:* Settlement Agreement signed September 17, 2003. Without admitting fault or liability, First Banc Mortgage, Inc. (FBM) agreed to pay a civil money penalty in the amount of \$64,000. FBM also agreed to indemnify HUD for any losses incurred on four loans.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where FBM: failed to implement and maintain an adequate quality control plan; failed to report fraud or program abuses to HUD; failed to expand its quality control reviews after fraud was identified; failed to properly disclose premium pricing (*i.e.*, when a borrower agrees to a higher mortgage interest rate in exchange for the mortgagor paying closing and settlement costs); failed to adequately monitor its pricing policies and that of its loan correspondents; failed to properly verify the source and/or adequacy of funds for the downpayment and/or closing costs; approved loans using false and/or conflicting information; failed to properly evaluate employment and/or income; failed to include a liability in the underwriting

analysis; and closed a loan the was not in compliance with the Loan Prospector, an automated underwriting system.

**23. First Community Bank, Kansas City, KS [Docket No. 02-1936-MR]**

*Action:* Settlement Agreement signed March 1, 2004. Without admitting fault or liability, First Community Bank (FCB) agreed to pay HUD an administrative payment in the amount of \$119,000.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where FCB: Falsely certified to HUD that the information contained in the Uniform Residential Loan Application was obtained directly from the mortgagor by a full time employee of the mortgagor; failed to verify the transfer of gift funds; failed to verify the source of funds needed to close loans and/or satisfy delinquent obligations; failed to ensure that mortgagors met their minimum capital investment requirements; failed to adequately verify income; failed to resolve discrepancies in loan documents; failed to implement a quality control plan in compliance with HUD/FHA requirements; and permitted an employee involved with the loan to process the application.

**24. First Community Resources, Inc., St. Louis, MO [Docket No. 04-4382-MR]**

*Action:* Settlement Agreement signed August 13, 2004. Without admitting fault or liability, First Community Resources, Inc. (FCR) agreed to pay civil money penalty in the amount of \$16,500.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where FCR: Failed to maintain a quality control plan and conduct quality control reviews in compliance with HUD/FHA requirements for the years 2001, 2002 and 2003.

**25. First Hawaiian Bank, Honolulu, HI [Docket No. 03-3115-MR]**

*Action:* Settlement Agreement signed September 2, 2003. Without admitting fault or liability, First Hawaiian Bank (FHB) agreed to pay an administrative payment in the amount of \$3,000.

*Cause:* The Board took this action as a result of FHB's failure to perform a property inspection on one HUD/FHA-insured multifamily project.

**26. First Realty Funding, Inc., La Puente, CA [Docket No. 03-3019-MR]**

*Action:* On August 2, 2004, First Realty Funding, Inc. (FRF) was served

with the Government's Complaint for Civil Money Penalty in the amount of \$18,500.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where FRF: Failed to implement and maintain a quality control plan; used independent contractors to originate HUD/FHA-insured mortgages; failed to file annual reports regarding loan application activities; and breached an indemnification agreement signed with the Department.

**27. Flagstar Bank, Troy, MI [Docket No. 03-3226-MR]**

*Action:* Settlement Agreement signed March 26, 2004. Without admitting fault or liability, Flagstar Bank (Flagstar) agreed to pay an administrative payment in the amount of \$197,775. Flagstar also agreed to indemnify HUD for any losses incurred 13 loans.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where Flagstar: Failed to remit timely payment of up-front mortgage insurance premiums on 1,310 loans; failed to submit 1,035 loans for insurance endorsement within 60 days from the date of loan closing; failed to ensure that borrowers on one HUD/FHA-insured loan met their statutorily required minimum cash investment; failed to properly verify the source and adequacy of funds used for the downpayment and closing costs; failed to adequately document income and/or employment used to qualify the borrower; failed to consider all debts in the calculation of debt to income ratios; charged the borrowers for unallowable fees; and failed to ensure that borrowers who had been charged a commitment fee had executed commitment agreements.

**28. Fleet National Bank, Providence, RI [Docket No. 04-4231-MR]**

*Action:* Settlement Agreement signed August 16, 2004. Without admitting fault or liability, Fleet National Bank (Fleet) agreed to pay an administrative payment in the amount of \$3,000.

*Cause:* The Board took this action as a result of Fleet's failure to perform a property inspection on one HUD/FHA-insured multifamily project.

**29. Group One Mortgage, Inc., Kent, WA [Docket No. 03-3125-MR]**

*Action:* On November 12, 2003, the Board issued a letter to Group One Mortgage, Inc. (GOM) withdrawing its HUD/FHA approval for three years. The Board also voted to impose a civil

money penalty in the amount of \$148,000.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where GOM: Failed to implement and maintain a quality control plan in compliance with HUD/FHA requirements; failed to check all parties to the transaction against the limited denial of participation (LDP) and General Services Administration (GSA) lists in accordance with HUD/FHA requirements; failed to comply with HUD/FHA requirements for an underwriter's compensation; failed to ensure that loan documentation was not handled by an interested third party; failed to verify the source and adequacy of funds for the downpayment and/or closing costs; failed to properly verify and evaluate employment and/or income; and failed to underwrite loans in accordance with HUD/FHA requirements.

**30. GTL Investments, d/b/a John Adams Mortgage Company, Southfield, MI [Docket No. 04-4138-MR]**

*Action:* Settlement Agreement signed July 16, 2004. Without admitting fault or liability, John Adams Mortgage Company (JAMC) agreed to pay an administrative payment in the amount of \$20,000.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where JAMC: Failed to ensure that all officers, branch managers and other employees were exclusive JAMC employees; failed to register a "Doing Business As" name with HUD; charged borrowers fees not permitted by HUD/FHA; failed to ensure that borrowers who had been charged a commitment fee executed a commitment agreement guaranteeing interest rate and/or discount points at least 15 days prior to the date the loan closed; and failed to provide complete loan origination files for review.

**31. Homestead Financial Services, Inc., Syracuse, NY [Docket No. 01-1587-MR]**

*Action:* Settlement Agreement signed October 30, 2003. Without admitting fault or liability, Homestead Financial Services, Inc. (HFS) agreed to pay a civil money penalty in the amount of \$50,000. HFS also agreed to indemnify HUD for any losses incurred on two loans.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where HFS: Submitted loans for endorsement that were originated by non-HUD/FHA-

approved mortgage brokers; used unsupported/conflicting income information in the loan approval process; failed to ensure mortgagors met the statutory minimum required cash investment; and failed to implement and maintain a quality control plan in compliance with HUD/FHA requirements.

**32. Illinois Housing Development Authority, Chicago, IL [Docket No. 03-3104-MR]**

*Action:* Settlement Agreement signed September 2, 2003. Without admitting fault or liability, Illinois Housing Development Authority (IHDA) agreed to pay an administrative payment in the amount of \$3,000.

*Cause:* The Board took this action as a result of IHDA's failure to perform a property inspection on one HUD/FHA-insured multifamily project.

**33. Imperial Financial Lending, Inc., City of Industry, CA [Docket No. 03-3161-MR]**

*Action:* Settlement Agreement signed November 20, 2003. Without admitting fault or liability, Imperial Financial Lending, Inc. (IFL) agreed to pay a civil money penalty in the amount of \$33,500.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where IFL: failed to maintain a quality control plan in compliance with HUD/FHA requirements; failed to implement a quality control plan in compliance with HUD/FHA requirements; permitted a corporate officer to be affiliated with other lending institutions and/or real estate entities; failed to file annual reports for Fiscal Years 2000, 2001, and 2002, regarding loan application activity; and used an independent contractor agreement with its loan officers that was not in compliance with HUD/FHA requirements.

**34. Kentucky Housing Corporation, Frankfort, KY [Docket No. 03-3027-MR]**

*Action:* Settlement Agreement signed October 31, 2003. Without admitting fault or liability, Kentucky Housing Corporation (KHC) agreed to pay an administrative payment in the amount of \$5,000.

*Cause:* The Board took this action as a result of KHC's failure to perform property inspection on one HUD/FHA-insured multifamily project.

**35. Legacy Mortgage Financial Services, LLC, Orem, UT [Docket No. 03-3241-MR]**

*Action:* On February 27, 2004, the Board issued a letter to Legacy Mortgage Financial Services, LLC (LMF) withdrawing its HUD/FHA approval for three years. The Board also voted to impose a civil money penalty in the amount of \$6,500.

*Cause:* The Board took this action against LMF because an individual debarred by HUD for his actions as a principal of a formerly approved mortgagee, was owner and principal of LMF, in violation of HUD/FHA requirements.

**36. Massachusetts Housing Finance Agency, Boston, MA [Docket No. 03-3029-MR]**

*Action:* Settlement Agreement signed March 20, 2003. Without admitting fault or liability, Massachusetts Housing Finance Agency (MHFA) agreed to pay an administrative payment in the amount of \$6,000.

*Cause:* The Board took this action as a result of MHFA's failure to perform property inspections on HUD/FHA-insured multifamily projects.

**37. MISRA Group, Inc., d/b/a Raintree Mortgage Services, Inc., Kennesaw, GA [Docket No. 02-1941-MR]**

*Action:* On May 19, 2003, the Board issued a letter to MISRA Group, Inc. (MGI) withdrawing its HUD/FHA approval for three years. The Board also voted to impose a civil money penalty in the amount of \$69,500.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where MGI: Failed to ensure that employees worked exclusively for RMS; submitted falsified documentation to obtain HUD/FHA mortgage insurance; failed to implement and maintain a quality control plan in compliance with HUD/FHA requirements; and failed to file the annual report for the year 2000 regarding loan application activity as required by HUD/FHA requirements.

**38. Montana Board of Housing, Helena, MT [Docket No. 03-3036-MR]**

*Action:* On March 6, 2003, Montana Board of Housing (MBH) was served with the Government's Complaint for Civil Money Penalty in the amount of \$5,000.

*Cause:* The Board took this action as a result of MBH's failure to perform a property inspection on one HUD/FHA-insured multifamily project.

**39. Mortgage Network, Inc., Cincinnati, OH [Docket No. 03-3158-MR]**

*Action:* Settlement Agreement signed December 29, 2003. Without admitting fault or liability, Mortgage Network, Inc. (MNI) agreed to pay a civil money penalty in the amount of \$20,000. Additionally, on February 12, 2004, the Board issued a Letter of Reprimand to MNI.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where MNI: Allowed a non-HUD/FHA-approved mortgage broker to originate HUD/FHA-insured mortgages; and failed to maintain a quality control plan in compliance with HUD/FHA requirements.

**40. Mount Vernon Mortgage Company, Indianapolis, IN [Docket No. 03-3094-MR]**

*Action:* Settlement Agreement signed October 13, 2003. Without admitting fault or liability, Mount Vernon Mortgage Company (MVM) agreed to pay an administrative payment in the amount of \$3,000.

*Cause:* The Board took this action as a result of MVM's failure to perform a property inspection on one HUD/FHA-insured multifamily project.

**41. New Centennial, Inc., Santa Clarita, CA [Docket No. 03-3060-MR]**

*Action:* Settlement Agreement signed November 13, 2003. Without admitting fault or liability, New Centennial, Inc. (NCI) agreed to pay a civil money penalty in the amount of \$100,000. NCI also agreed to indemnify HUD for any losses incurred on six loans.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where NCI: Employed a debarred loan officer/branch manager/corporate officer in violation of HUD/FHA approval standards; violated HUD/FHA third party origination restrictions by making improper payments to a mortgage corporation owned by a debarred person or by permitting employees of other mortgage companies to improperly participate in the origination of HUD/FHA-insured mortgages; failed to implement and/or maintain its quality control plan; originated HUD/FHA-insured loans at branch offices before those branches were approved by HUD; used false and/or conflicting information to obtain HUD/FHA mortgage insurance; failed to notify HUD of corporate changes related to address changes, branch closures and

removal of a corporate officer; failed to ensure that its branch offices had signs that the mortgagee was conducting business at two locations; permitted its loan officer to work for another mortgagee while employed by NCI; and charged branches a fee for performing quality control reviews.

**42. New Hampshire Housing Finance Authority, Bedford, NH [Docket No. 03-3239-MR]**

*Action:* Settlement Agreement signed March 10, 2004. Without admitting fault or liability, New Hampshire Housing Finance Authority (NHHFA) agreed to pay an administrative payment in the amount of \$3,000.

*Cause:* The Board took this action as a result of NHHFA's failure to perform a property inspection on one HUD/FHA-insured multifamily project.

**43. New Jersey Health Care Facility Financing Authority, Trenton, NJ [Docket No. 03-3030-MR]**

*Action:* Settlement Agreement signed April 1, 2003. Without admitting fault or liability, New Jersey Health Care Facility Financing Authority (NJHC) agreed to pay an administrative payment in the amount of \$3,000.

*Cause:* The Board took this action as a result of NJHC's failure to perform a property inspection on one HUD/FHA-insured multifamily project.

**44. North Star Mortgage Corporation, Dallas, TX [Docket No. 04-4247-MR]**

*Action:* Settlement Agreement signed July 16, 2004. Without admitting fault or liability, North Star Mortgage Corporation (NSM) and its president agreed: To an immediate five year withdrawal of its HUD/FHA approval; to close all loans identified in Attachment A to the Settlement Agreement within 90 days of the effective date of the Settlement Agreement; and to pay an administrative payment in the amount of \$175,000. NSM's president, individually, agreed that if there is a failure by NSM to make the payments due under the Settlement Agreement that he will personally consent to an immediate three-year debarment without benefit of any further proceedings by the Department. NSM's president further agreed not to be an owner or officer of another HUD/FHA-approved mortgage company for a period of three years from the effective date of the Settlement Agreement.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where NSM: Failed to ensure that employees worked

exclusively for NSMC; allowed non-approved, independent mortgage brokers to process applications and originate HUD/FHA-insured loans; falsely certified that the information in the Uniform Residential Loan Application was obtained directly from the borrowers by a full-time employee or its authorized agents; submitted falsified and/or conflicting documentation to obtain HUD/FHA mortgage insurance; allowed payments to individuals who received payments for services related to the transaction; failed to document the borrowers source of funds used for downpayment or closing costs; failed to properly document the borrower's source of income; failed to properly calculate the maximum mortgage amount; failed to ensure that the borrowers met the 3% minimum required investment; failed to properly verify the borrower's previous rental history; failed to provide borrowers with a Good Faith Estimate within three business days of application; and approved mortgage loans where borrowers were charged a fee not permitted by HUD/FHA.

**45. PFC Corporation, Newport Beach, CA [Docket Nos. 03-3098-MR]**

*Action:* Settlement Agreement signed October 2, 2003. Without admitting fault or liability, PFC Corporation (PFC) agreed to pay an administrative payment in the amount of \$3,000.

*Cause:* The Board took this action as a result of PFC's failure to perform property inspections on HUD/FHA-insured multifamily projects.

**46. Prem Mortgage, Inc., d/b/a/First United Mortgage, Las Vegas, NV [Docket No. 04-4269-MR]**

*Action:* In its July 1, 2004 meeting, the Board voted to impose a civil money penalty on Prem Mortgage, Inc. (Prem) in the amount of \$128,000.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where Prem: Failed to implement and maintain a quality control plan in accordance with HUD/FHA requirements; originated HUD/FHA-insured loans from non-HUD/FHA-approved branches; and failed to assure that verifications and credit documentation did not pass through the hands of a third party.

**47. Prudential Insurance Company of America, Newark, NJ [Docket No. 03-3031-MR]**

*Action:* Settlement Agreement signed October 7, 2003. Without admitting fault or liability, Prudential Insurance Company of America (PICA) agreed to

pay an administrative payment in the amount of \$3,000.

*Cause:* The Board took this action as a result of PICA's failure to perform a property inspection on one HUD/FHA-insured multifamily project.

**48. Real Estate Plus Mortgage, Redondo Beach, CA [Docket No. 04-4275MR]**

*Action:* On March 11, 2004, the Board issued a letter to Real Estate Plus Mortgage (REPM) withdrawing its HUD/FHA approval for three years. The Board also voted to impose a civil money penalty in the amount of \$6,500.

*Cause:* The Board took this action because REPM failed to comply with the terms of a previously executed Indemnification Agreement with the Department.

**49. Reilly Mortgage, McLean, VA [Docket No. 03-3034-MR]**

*Action:* Settlement Agreement signed March 24, 2003. Without admitting fault or liability, Reilly Mortgage (Reilly) agreed to pay an administrative payment in the amount of \$3,000.

*Cause:* The Board took this action as a result of Reilly's failure to perform a property inspection on one HUD/FHA-insured multifamily project.

**50. Ridgewood Savings Bank, Ridgewood, NY [Docket No. 03-3114-MR]**

*Action:* Settlement Agreement signed September 2, 2003. Without admitting fault or liability, Ridgewood Savings Bank (RSB) agreed to pay an administrative payment in the amount of \$3,000.

*Cause:* The Board took this action as a result of RSB's failure to perform a property inspection on one HUD/FHA-insured multifamily project.

**51. Rocky Mountain Mortgage Specialists, Englewood, CO [Docket No. 03-3225-MR]**

*Action:* Settlement Agreement signed June 28, 2004. Without admitting fault or liability, Rocky Mountain Specialists (RMS) agreed to pay a civil money penalty in the amount of \$92,000, plus an administrative payment of \$25,000. RMS also agreed to indemnify HUD for any losses incurred on 11 loans.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where RMS: Underwrote and closed HUD/FHA loans for a non-HUD/FHA approved lender; falsely certified that the information contained in loan applications was obtained directly from the borrower by a fulltime employee or its authorized agent; did not notify HUD/FHA when

they became aware that certain HUD/FHA insured loans contained fraudulent documentation; failed to ensure that loans were properly underwritten; and failed to document and verify the source of funds used for the downpayment and closing costs on HUD/FHA-insured loans.

**52. Sea Breeze Mortgage Services, Inc., Anaheim, CA [Docket No. 03-3162-MR]**

*Action:* Settlement Agreement signed November 20, 2003. Without admitting fault or liability, Sea Breeze Mortgage Services, Inc. (SBM) agreed to pay an administrative payment of \$6,000. SBM also agreed to pay \$77,204.84 as indemnification for HUD losses on two loans.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where SBM: Used falsified documentation to obtain HUD/FHA mortgage insurance; and failed to analyze the borrower's credit history in accordance with HUD/FHA requirements.

**53. Secure Financial Services, Houston, TX [Docket No. 02-1970-MR]**

*Action:* Settlement Agreement signed November 7, 2003. Without admitting fault or liability, Secure Financial Services (SFS) agreed to pay HUD an administrative payment of \$150,000.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where SFS: Used prohibited third parties to originate loans; provided falsified documentation in the origination of one loan; failed to implement and maintain a quality control plan in compliance with HUD/FHA requirements; and failed to file annual reports regarding loan activity.

**54. South Texas Mortgage Corporation, Corpus Christi, TX [Docket No. 02-1945-MR]**

*Action:* On August 26, 2003, South Texas Mortgage Corporation (STM) was served with the Government's Complaint for Civil Money Penalty in the amount of \$109,000.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where STM: Accepted loans originated by personnel not employed by STM; and failed to implement and maintain a quality control plan in compliance with HUD/FHA requirements.

**55. Sovereign Bank, FSB, Wyomissing, PA [Docket No. 03-3035-MR]**

*Action:* Settlement Agreement signed May 12, 2003. Without admitting fault or liability, Sovereign Bank, FSB (Sovereign) agreed to pay an administrative payment in the amount of \$3,000.

*Cause:* The Board took this action as a result of Sovereign's failure to perform a property inspection on one HUD/FHA-insured multifamily project.

**56. Stellar Mortgage Company, Houston, TX [Docket No. 01-1577-MR]**

*Action:* On March 25, 2004, Stellar Mortgage Company (SMC) was served with the Government's Complaint for Civil Money Penalty in the amount of \$173,500.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where SMC: Engaged in a scheme to circumvent HUD/FHA requirements and submitted false HUD-1 Settlement Statements to HUD; submitted loan applications containing false information to HUD; failed to implement and maintain a quality control plan in compliance with HUD/FHA requirements; and shared office space with employees (other than receptionists) of another entity.

**57. Suburban Mortgage Association, Inc., (SMA), Bethesda, MD [Docket No. 03-3095-MR]**

*Action:* Settlement Agreement signed September 22, 2003. Without admitting fault or liability, Suburban Mortgage Association (SMA) agreed to pay an administrative payment in the amount of \$3,000.

*Cause:* The Board took this action as a result of SMA's failure to perform a property inspection on one HUD/FHA-insured multifamily project.

**58. Sunset Mortgage, LP, Franklin Center, PA [Docket No. 03-3171-MR]**

*Action:* Settlement Agreement signed March 26, 2004. Without admitting fault or liability, Sunset Mortgage, LP (SM) agreed to pay HUD a civil money penalty in the amount of \$76,000.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where SM: Failed to ensure that its registered branches met HUD/FHA requirements regarding office space and facilities; failed to include a sign clearly identifying the branch to the public; failed to ensure that loan applications were taken by authorized employees of SM; and failed to ensure that its employees worked exclusively for SM.

**59. SunTrust Bank, Atlanta, GA [Docket No. 03-3233-MR]**

*Action:* Settlement Agreement signed March 16, 2004. Without admitting fault or liability, SunTrust Bank (STB) agreed to pay an administrative payment in the amount of \$6,000.

*Cause:* The Board took this action as a result of STB's failure to perform property inspections on HUD/FHA-insured multifamily projects.

**60. Tennessee Housing Development Agency, Nashville, TN [Docket No. 03-3242-MR]**

*Action:* Settlement Agreement signed July 22, 2004. Without admitting fault or liability, Tennessee Housing Development Agency (THDA) agreed to pay an administrative payment of \$3,000.

*Cause:* The Board took this action as a result of THDA's failure to perform a property inspection on one HUD/FHA-insured multifamily project.

**61. Trustmark National Bank (TNB), Jackson, MS [Docket No. 03-3236-MR]**

*Action:* Settlement Agreement signed January 15, 2004. Without admitting fault or liability, Trustmark National Bank (TNB) agreed to pay an administrative payment in the amount of \$3,000.

*Cause:* The Board took this action as a result of TNB's failure to perform a property inspection on one HUD/FHA-insured multifamily project.

**62. Two Thousand Two New World Mortgage Services, Inc., d/b/a New World Mortgage, Inc., [Docket No. 03-3157-MR]**

*Action:* On November 12, 2003, the Board issued a letter to New World Mortgage (NWM) withdrawing its HUD/FHA approval for five years. The Board also voted to impose a civil money penalty in the amount of \$113,000.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements in origination of HUD/FHA-insured loans where NWM: Failed to adopt and maintain a quality control plan in accordance with HUD requirements; failed to implement a quality control plan in accordance with HUD requirements; allowed an employee who is suspended under the Department's regulations to participate in the origination of HUD/FHA-insured loans; and failed to timely notify HUD of a change in NWM's name.

**63. U.S. Bank, NA, Minneapolis, MN [Docket Nos. 03-3049-MR, 03-3072-MR, 03-3235-MR]**

*Action:* Settlement Agreement signed May 12, 2004. Without admitting fault

or liability, U.S. Bank, NA (USB) agreed to pay an administrative payment of \$54,000.

*Cause:* The Board took this action as a result of USB's failure to perform property inspections on HUD/FHA-insured multifamily projects.

**64. USGI, Inc., La Plata, MD [Docket No. 03-3116-MR]**

*Action:* Settlement Agreement signed October 31, 2003. Without admitting fault or liability, USGI, Inc. (USGI) agreed to pay an administrative payment in the amount of \$3,000.

*Cause:* The Board took this action as a result of USGI's failure to perform a property inspection on one HUD/FHA-insured multifamily project.

**65. Westminster Mortgage Company, Beverly Hills, CA, [Docket No. 03-3023-MR]**

*Action:* On May 20, 2003, Westminster Mortgage Company (WMC) was served with the Government's Complaint for Civil Money Penalty in the amount of \$5,000.

*Cause:* The Board took this action as a result of WMC's failure to perform a property inspection on one HUD/FHA-insured multifamily project.

**66. Wisconsin Housing and Economic Development Authority, Madison, WI [Docket No. 02-2153-MR]**

*Action:* Settlement Agreement signed March 14, 2003. Without admitting fault or liability, Wisconsin Housing and Economic Development Authority (WHEDA) agreed to pay an administrative payment in the amount of \$12,000.

*Cause:* The Board took this action as a result of WHEDA's failure to perform property inspections on HUD/FHA-insured multifamily projects.

Dated: September 30, 2004.

**John C. Weicher,**

*Assistant Secretary for Housing—Federal Housing Commissioner.*

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BILLING CODE 4210-27-P

**DEPARTMENT OF THE INTERIOR****Fish and Wildlife Service****Endangered and Threatened Wildlife and Plants; Notice of Availability of Draft Conservation Plan for the Sacramento Mountains Checkerspot Butterfly (*Euphydryas anicia cloudcrofti*)**

**AGENCY:** Fish and Wildlife, Interior.

**ACTION:** Notice of document availability.