

IN THE MATTER OF:

JAMES E. JOHNSON

Respondent.

BEFORE THE MARYLAND

COMMISSIONER OF

FINANCIAL REGULATION

Case No.: CFR-FY2012-193

SETTLEMENT AGREEMENT AND CONSENT ORDER

This Settlement Agreement and Consent Order (“Agreement”) is entered into this 30th day of October, 2015, by and between the Maryland Commissioner of Financial Regulation (the “Commissioner”), and James E. Johnson (the “Respondent”). 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 Financial Institutions Article (“FI”), Title 11, Subtitles 5 and 6, the Commissioner is responsible for licensing and regulating, *inter alia*, all residential mortgage loan origination services provided to consumers with respect to residential real property located in the State of Maryland (the “State”).

2. On April 28, 2014, after a hearing on the merits, the Commissioner issued a Proposed Final Order (the “Proposed Order”) against Respondent, in which the Commissioner found: (1) the Respondent acted as an unlicensed loan originator in violation of Md. Code Ann., Fin. Inst. § 11-602(b); (2) the Respondent committed mortgage fraud as defined by Md.

Code Ann., Real Prop. § 7-404; and (3) the Respondent violated a duty of good faith under COMAR 09.03.09.04 and FI § 11-615. The Proposed Order also directed Respondent to pay restitution to the affected Maryland consumer, pay civil penalties for his violations of Maryland law, and permanently cease and desist from engaging in unlicensed mortgage lending, brokerage, or origination services to Maryland residents.

3. Respondent waived his right to an exceptions hearing and the Proposed Order was entered as a Final Order of the Commissioner (the "Final Order") on August 28, 2014.

4. Respondent wished to resolve the violations and a penalty set forth in the Final Order, and fully agrees to abide by each and every term set forth in this Agreement.

5. The Commissioner desires to ensure that Respondent will comply with all applicable statutes, regulations, and others laws governing Maryland mortgage lending, brokering, and origination, and further wishes to avoid the costs to the taxpayers of a lengthy collections process.

6. 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. Respondent will issue restitution in the total amount of Four Thousand Dollars (\$4,000) to Maryland Consumer [REDACTED] ("Consumer A"). Payment will be made in seven (7) installments in accordance with the following:

i. On or before December 20, 20, 2015, Respondent will remit One Thousand Dollars (\$1,000) in restitution directly to Consumer A at the following address:

[REDACTED] Respondent will then make six (6) additional payments of Five Hundred Dollars (\$500) each to the Escrow Account of Attorney Thomas Rand on or before each of the following dates: January 20, 2016;

February 20, 2016; March 20, 2016; April 20, 2016; May 20, 2016; and June 20, 2016. Within seven (7) days of receipt of each payment, counsel for Respondents will provide the Commissioner with written confirmation that the payment was made.

ii. On or before July 10, 2016, counsel for Respondent shall mail a check for the full amount of money (i.e., the Three Thousand Dollar (\$3,000.00) balance) placed in escrow via First Class U.S. Mail, to Consumer A at the following address: [REDACTED]

[REDACTED]. Each restitution payment to Consumer A shall be accompanied by a letter indicating that the refund is being issued pursuant to a Settlement Agreement between the Respondent and the Commissioner of Financial Regulation, and that the Settlement Agreement does not in any way affect the consumer's legal rights. A copy of the letter and check shall also be mailed to the Commissioner of Financial Regulation.

iii. If Consumer A fails to cash a check, Respondent agrees that 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, accordingly, however, the check will either be negotiated by the respective Maryland consumer or transferred to the State Comptroller as "abandoned property" within one (1) year and one (1) month from the date of execution of this Agreement.

iv. The Respondent shall not seek a release from Consumer A in conjunction with this refund.

b. Respondent will permanently cease and desist from providing unlicensed mortgage lending, brokerage, or origination services to Maryland residents.

7. Respondent acknowledges that any and all restitution that is provided for under this Agreement is non-dischargeable under the United State Bankruptcy Code, with specific reference to, but without limitation to, 11 U.S.C. 523(a)(7).

8. Respondent acknowledges that he has voluntarily entered into this Agreement. Respondent further acknowledges that he has had an opportunity to consult with independent legal counsel in connection 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.

9. Respondent represents that he is currently in compliance with all applicable statutes, regulations, and others laws governing mortgage lending, brokering, and origination, and that Respondent will continue to act in compliance at all future times and will not conduct any lending, brokering, or origination business in Maryland without first obtaining a license from the Commissioner.

10. The Parties hereto agree that this Agreement shall be binding and enforceable in court by the Commissioner, the Deputy 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.

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

Gordon Cooley
Commissioner of Financial Regulation
500 North Calvert Street, Suite 402
Baltimore, Maryland 21202-3651

Copy to: W. Thomas Lawrie, Esq.
Assistant Attorney General
500 North Calvert Street, Suite 406

Baltimore, Maryland 21202-3651

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 permanently cease and desist from providing unlicensed mortgage lending, brokerage, or origination services to Maryland residents; and it is further

ORDERED that, in the event Respondent, or any of the owners, principles, directors, officers, managers, members, employees, or agents of the Respondents, 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 or Deputy Commissioner may, at the Commissioner or Deputy Commissioner's discretion, take any enforcement actions available under FI § 2-115(b) and RP § 7-319.1, 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

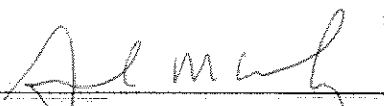
the Office of the Commissioner of Financial Regulation; and it is further

ORDERED that this document shall constitute a Final Order of the Maryland Commissioner of Financial Regulation and shall fully supersede and replace the Final Order of the Commissioner issued against Respondent James E. Johnson on August 28, 2014, and the Commissioner may consider this Settlement Agreement and Consent Order and the Final Order issued on August 28, 2014, as well as the facts set forth in each 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.

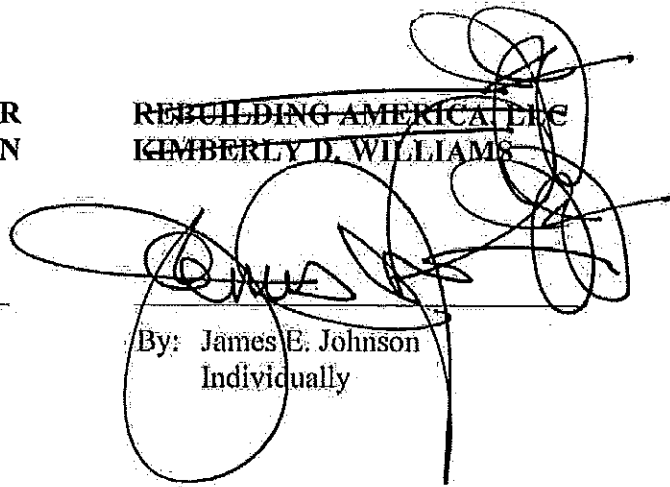
It is so **ORDERED**.

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

**MARYLAND COMMISSIONER
OF FINANCIAL REGULATION**


By: Gordon Cooley
Commissioner of Financial
Regulation

~~REBUILDING AMERICA LLC~~
~~KIMBERLY D. WILLIAMS~~


By: James E. Johnson
Individually