

**STATE OF MICHIGAN  
DEPARTMENT OF LABOR AND ECONOMIC GROWTH  
OFFICE OF FINANCIAL AND INSURANCE SERVICES**

**Before the Commissioner of the Office of Financial & Insurance Services**

**In the matter of:**

**Pappas & Associates Mortgage, Inc.  
22777 Harper Avenue  
Suite 303  
St. Clair Shores, Michigan 48080  
License No.: FL-3133**

**Enforcement Case No. 05-3880**

**Mona Pappas, President**

**Respondent**

---

**CONSENT ORDER**

**Issued and entered  
on October 3, 2006  
by **Richard D. Lavolette,**  
**Chief Deputy Commissioner****

Based on the Stipulation set forth above, IT IS ORDERED that:

1. Pappas & Associates Mortgage, Inc. (“Pappas & Associates”) shall CEASE and DESIST from violating Sections 2(4), 21(1), 21(2), and 22(a) of the MBLSLA, Sections 22(1) and 25 of the SMLA, and Sections 6 and 7 of the CMPA.
2. Pappas & Associates shall pay to the State of Michigan, through the Office of Financial & Insurance Services (“OFIS”), a civil fine in the amount of \$5,000.00.
3. Pappas & Associates shall not utilize independent mortgage originators for mortgage loan origination unless they are: (1) licensed or registered under the MBLSLA; (2) exempted

from the MBLSLA under Section 25; or (3) licensed as a class I licensee under the Consumer Financial Services Act.

4. Pappas & Associates shall review and comply with the OFIS Consumer Finance Bulletin No. 2003-09-CF, posted on the OFIS website, which clarifies OFIS's position on employees and branch offices in Michigan. Pappas & Associates agrees that it will provide written notice to OFIS within 30 days of opening a branch office that will be conducting activity subject to the MBLSLA. The notice shall include the street address of the new branch.

5. Pappas & Associates shall comply with all Bulletins and Rules issued by the Commissioner of OFIS pertaining to the brokering, origination, closing, and servicing of mortgage loans, including all subsequent Bulletins and Rules that may be issued from time to time by the Commissioner regarding the brokering, origination, closing, and servicing of mortgage loans.

6. Pappas & Associates shall maintain a program to monitor and assure compliance with all state and federal laws and regulations pertaining to the brokering, origination, closing, and servicing of mortgage loans. Pappas & Associates shall educate its officers and employees involved in the brokering, origination, and closing of mortgage loans on all applicable state and federal laws and regulations, including, but not limited to, the Mortgage Brokers, Lenders and Servicers Licensing Act, Secondary Mortgage Loan Act, National Housing Act, Federal Truth-in-Lending Act, Equal Credit Opportunity Act, Fair Credit Reporting Act, Anti-Redlining Act, and applicable usury laws. The education shall be accomplished by requiring the officers and employees involved in the brokering, origination, closing, and servicing of mortgage loans to attend training seminars for the next 12 months at least four hours in duration every quarter. The seminars shall be conducted by persons not employed by Pappas & Associates and with

recognized experience in the mortgage industry. The instructors for the seminars shall be varied in order to give the officers and employees a broad view of the regulation and operation of the mortgage industry. The seminars shall include the philosophy behind the laws and regulations as well as the requirements of the laws and regulations. Either Pappas & Associates or a local or national organization such as the Michigan Mortgage Lenders Association, the Michigan Mortgage Brokers Association or the Mortgage Bankers Association of America may organize the seminars. Pappas & Associates shall keep a record of the attendance of the officers and employees who attend the seminars.

7. The program shall include designation of a compliance officer who will conduct reviews, not less than quarterly, of a sample of files for closed loans and rejected loan applications and assure compliance with all relevant federal and state laws. Pappas & Associates shall maintain written reports of the results of its file reviews. The written reports shall be maintained as required by Section 21(2) of the MBLSLA. Pappas & Associates must inform OFIS of the individual designated as compliance officer and if there is any change in the compliance officer, such change shall be reported in writing to OFIS within 30 days of the change.

8. Within 6 months of this Order, Pappas & Associates shall develop and maintain a comprehensive employee procedures manual clearly delineating the mortgage loan process and all statutes, ordinances, rules, and regulations that govern the activity of its employees.

The Commissioner retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as she shall deem just, necessary and appropriate in accordance with the MBLSLA.

A handwritten signature in black ink, appearing to read "R. D. Lavolette". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

---

Richard D. Lavolette,  
Chief Deputy Commissioner