

**STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Allied Servicing Corporation

Enforcement Case No. 20-16220

NMLS No. 894380


Respondent.
_____ /

**Issued and entered
On May 12, 2021
by Judith A. Weaver
Senior Deputy Director**

FINAL ORDER TO CEASE AND DESIST

1. On January 22, 2021, the Senior Deputy Director issued an Order to Cease and Desist (Order) pursuant to Section 16 of the Mortgage Brokers, Lenders, and Servicers Licensing Act (MBLSLA), MCL 445.1666, and Section 14 of the Secondary Mortgage Loan Act (SMLA), MCL 493.64, against Respondent Allied Servicing Corporation. The copy of the Order is attached to this Final Order to Cease and Desist.
2. The Order contained allegations that Respondent violated Section 2(1) of the MBLSLA, MCL 445.1652(1), and Section 2(1) of the SMLA, MCL 493.52(1), by acting as a mortgage servicer and providing secondary loan mortgage services without the requisite licenses.
3. On January 25, 2021, the Order was mailed to Respondent via first class and certified mail to the last known address of record. No mail was returned as undeliverable.
4. The Order advised the Respondent of the opportunity to request a hearing on the Order, as provided in Section 16(2) of the MBLSLA, MCL 445.1666(2), and Section 14(2) of the SMLA, MCL 493.64(2), not later than 30 days after the Order was delivered or mailed to the Respondent.
5. Respondent failed to timely request a hearing, therefore the Order is **FINAL and, as ordered:**
 1. The Respondent shall immediately CEASE AND DESIST from all activities in violation of the MBLSLA and SMLA as described in the Statement of Findings **and** shall abide by the additional actions outlined in paragraphs 1(a) through 1(d) of the Order.

2. A copy of this Order shall be immediately served upon Respondent. As to any Respondent, this Order shall be effective upon the date of service.
3. The Director retains jurisdiction of the matters contained herein and the authority to issue such further Orders as shall be deemed just, necessary, and appropriate.
4. Pursuant to Section 16(3) of the MBLSLA, MCL 445.1666(3), a person who violates or otherwise fails to comply with an Order to Cease and Desist has violated the MBLSLA and the Director or the attorney general may take any action permitted under the MBLSLA, including making applications to the Ingham County circuit court to restrain and enjoin, temporarily or permanently, or both, a person from further violating the cease and desist order. Pursuant to Section 14c of the SMLA, MCL 493.64c, the Director is authorized to apply to the Ingham County circuit court for the enforcement of any outstanding Order to Cease and Desist.

By 

Judith A. Weaver
Senior Deputy Director
Department of Insurance and Financial Services

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**Issued and entered
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**ORDER TO CEASE AND DESIST WITH STATEMENT OF FINDINGS
AND NOTICE OF OPPORTUNITY FOR HEARING**

Pursuant to Section 16 of the Mortgage Brokers, Lenders, and Servicers Licensing Act (MBLSLA), MCL 445.1666, and Section 14 of the Secondary Mortgage Loan Act (SMLA), MCL 493.64, and after reviewing evidence of the conduct described in the attached Statement of Findings, and

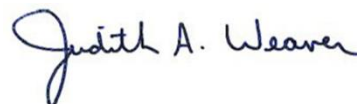
WHEREAS, the Director of the Department of Insurance and Financial Services finds that immediate action is necessary and appropriate in the public interest for the protection from financial loss or threat to the public welfare, and consistent with the purposes fairly intended by public policy and provisions of the MBLSLA and SMLA,

IT IS THEREFORE ORDERED THAT:

1. The Respondent shall immediately **CEASE AND DESIST** from all activities in violation of the MBLSLA and SMLA as described in the Statement of Findings; in particular, Respondent must abide by the following:
 - a. Respondent shall CEASE AND DESIST from accepting any new servicing obligations for mortgage loans and secondary mortgage loans in Michigan;
 - b. Respondent shall immediately submit a list to DIFS of all mortgage loans and secondary mortgage loans in Michigan for which Respondent is the current servicing provider;
 - c. Respondent shall, within 60 days of the entry of this Order, submit a plan to DIFS regarding the assignment of all servicing obligations that would have required licensure in Michigan,

with such assignment of servicing obligations to be effected within 90 days of the entry of this Order;

- d. The documents referenced in subparagraphs 1(b) and 1(c) shall be sent to the person identified in paragraph 3 of this Order.
2. A copy of this Order shall be immediately served upon Respondent. As to any Respondent, this Order shall be effective upon the date of service.
3. Respondent will have 30 calendar days after the service of this Order to contest it by requesting a hearing. Within 10 calendar days after receiving the request, the hearing process shall commence. This Order shall remain in effect until further order of the Director. Any request for a hearing should be addressed to the Department of Insurance and Financial Services, Attention: Randie Swinson, Hearings Coordinator, P.O. Box 30220, Lansing, MI 48909-7720, emailed to DIFS Staff Attorney, Diego Avila at or faxed to 517-284-8843.
4. Any such hearing held shall address the following issues:
 - a. The facts set forth in the Statement of Findings.
 - b. The continuation of the Order to Cease and Desist.
5. If a hearing is requested, an administrative law judge from the Michigan Office of Administrative Hearings and Rules shall preside over any such hearing.
6. The Director retains jurisdiction of the matters contained herein and the authority to issue such further Orders as shall be deemed just, necessary, and appropriate.
7. Pursuant to Section 16(3) of the MBLSLA, MCL 445.1666(6), a person who violates or otherwise fails to comply with an Order to Cease and Desist has violated the MBLSLA and the Director or the attorney general may take any action permitted under the MBLSLA, including making applications to the Ingham County circuit court to restrain and enjoin, temporarily or permanently, or both, a person from further violating the cease and desist order. Pursuant to Section 14c of the SMLA, MCL 493.64c, the Director is authorized to apply to the Ingham County circuit court for the enforcement of any outstanding Order to Cease and Desist.



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STATEMENT OF FINDINGS

1. Pursuant to Section 16(1) of the MBLSLA, MCL 445.1666(1), the Director is empowered to issue a cease and desist order if the Director finds that a person has violated the MBLSLA or a rule promulgated or an order issued under the MBLSLA.
2. Pursuant to Section 14(1) of the SMLA, MCL 493.64(1), the Director is empowered to issue a cease and desist order if the Director finds that a person is, has, or is about to engage in a practice that poses a threat of financial loss or threat to the public welfare, or is, has, or is about to violate a law or rule promulgated under the SMLA.
3. Under Section 2(1) of the MBLSLA, MCL 445.1652(1), it is a violation for a person to act as a mortgage broker, mortgage lender, or mortgage servicer without first obtaining a license or registration under the MBLSLA, unless 1 or more of the following apply:
 - (a) The person is providing loan officer services as an employee or agent of only 1 mortgage broker, mortgage lender, or mortgage servicer and a licensed loan officer if that licensure is required under the mortgage loan originator licensing act.
 - (b) The person is exempted from the act under section 25.
 - (c) The person is licensed as a class I licensee under the consumer financial services act, 1988 PA 161, MCL 487.2051 to 487.2072.
 - (d) The individual is an employee of a professional employer organization, as that term is defined in section 113 of the Michigan business tax act, 2007 PA 36, MCL 208.1113, solely acting as a residential mortgage originator of only 1 mortgage broker or mortgage lender. The mortgage broker or mortgage lender shall do all of the following:
 - (i) Direct and control the activities of the individual under this act.

(ii) Be responsible for all activities of the individual and assume responsibility for the individual's actions that are covered by the proof of financial responsibility deposit required under section 4.

4. Under Section 25(h) and (i) of the MBLSLA, MCL 445.1675(h) and (i), the provisions of the MBLSLA do not apply to:

(h) A mortgage servicer that in the aggregate with any affiliates services 10 or fewer mortgage loans in a 12-month period from January 1 to December 31.

(i) A mortgage servicer that in the aggregate with any affiliates services only 75 or fewer land contracts, of which 10 or fewer require the collection of money for the payment of taxes or insurance. This subdivision and subdivision (h) do not exempt a mortgage servicer who collects money for the payment of taxes or insurance from the provisions of 1966 PA 125, MCL 565.161 to 565.164. All fees shall be returned to any mortgage servicer described in this subdivision who applied for a license and paid the fees required by this act and who on December 27, 1988 is exempted from licensing.

5. Under Section 2(1) of the SMLA, MCL 493.52(1), it is a violation for a person to act as a broker, lender, or servicer without first obtaining a license or registration under the SMLA, unless 1 or more of the following apply:

(a) The person is providing secondary mortgage loan officer services as an employee or agent of only 1 broker, lender, or servicer and is a licensed secondary mortgage loan officer if that registration is required under the mortgage loan originator licensing act.

(b) The person is licensed under the consumer financial services act, 1988 PA 161, MCL 487.2051 to 487.2072.

(c) The person acts as a lender but makes or negotiates 2 or fewer secondary mortgage loans in a calendar year.

(d) The person acts as a servicer but services 10 or fewer secondary mortgage loans in a calendar year.

(e) The person is an individual and an employee of a professional employer organization, as that term is defined in section 113 of the Michigan business tax act, 2007 PA 36, MCL 208.1113, solely acting as a secondary mortgage loan originator of only 1 broker or lender. The broker or lender shall do all of the following:

(i) Direct and control the activities of the individual under this act.

(ii) Be responsible for all activities of the individual and assume responsibility for the individual's actions that are covered by the proof of financial responsibility deposit required under section 6.

6. DIFS Staff received information about possible unlicensed activity by the Respondent. A review of DIFS' records revealed that Respondent is not licensed under either the MBLSLA or the SMLA.
7. After an investigation, DIFS Staff concluded that Respondent has engaged in activities regulated by the MBLSLA and SMLA, without the requisite licenses or registrations, and have violated the financial laws of this state.
8. DIFS Staff found that Respondent acted as a mortgage servicer from 2015 through 2020, in excess of the levels exempted in Section 25(h) and (i) of the MBLSLA, MCL 445.1675(h) and (i). DIFS Staff also found that Respondent provided secondary mortgage loan servicing services in 2020, in excess of the levels exempted in Section 2(1)(d) of the SMLA, MCL 493.52(1)(d).
9. By acting as a service mortgager without the requisite license or registration, Respondent violated Section 2(1) of the MBLSLA, MCL 445.1652(1).
10. By providing secondary mortgage loan servicing services without the requisite license, Respondent violated Section 2(1) of the SMLA, MCL 493.52(1).
11. On August 30, 2020, Respondent submitted a letter to DIFS acknowledging its activity was in violation of both the MBLSLA and SMLA, but indicated that it would seek to apply for licensure under the applicable statutes. To date, no application has been received by DIFS, nor has DIFS been provided any evidence that Respondent has assigned those servicing duties to a licensed servicer.
12. Based on the aforementioned findings, Respondent is conducting servicing of mortgage and secondary mortgage loans for which a license or registration is required by the MBLSLA and/or SMLA, without having obtained the requisite license or registration.