
*
IN THE MATTER OF: *
*
LOANSNAP, INC. *
d/b/a LOANSNAP *
NMLS # 76967 *
*
(“LoanSnap”) *
*

CONSENT ORDER

WHEREAS, the Banking Commissioner (“Commissioner”) is charged with administration of Part I of Chapter 668, Sections 36a-485 to 36a-534b, inclusive, of the Connecticut General Statutes, “Mortgage Lenders, Correspondent Lenders, Brokers and Loan Originators”;

WHEREAS, LoanSnap is a California corporation with a main office at 3070 Bristol Street, Suite 200, Costa Mesa, California;

WHEREAS, at all times relevant hereto, LoanSnap has been licensed to engage in the business of a mortgage lender in Connecticut;

WHEREAS, on July 19, 2022, the Commissioner, through the Consumer Credit Division (“Division”) of the Department of Banking, commenced an examination of LoanSnap pursuant to Section 36a-17(a) of the Connecticut General Statutes to determine if it had violated, was violating or was about to violate the provisions of the Connecticut General Statutes within the jurisdiction of the Commissioner;

WHEREAS, as a result of such examination, on January 4, 2024, the Commissioner issued a Temporary Order to Cease and Desist, Notice of Intent to Revoke and Refuse to Renew Mortgage Lender License, Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and

Notice of Right to Hearing (“Order and Notice”) against LoanSnap, which Order and Notice is incorporated herein by reference;

WHEREAS, the Commissioner alleged in the Order and Notice that from at least August 29, 2022 to December 2, 2022, LoanSnap: (1) engaged the services of at least four individuals to act as mortgage loan originators in Connecticut who were not licensed, in violation of 12 CFR Section 1026.36(f)(2) of Regulation Z, Section 36a-486(b)(1) of the Connecticut General Statutes in effect at such time, and Section 36a-678(a) of the Connecticut General Statutes; (2) assisted or aided and abetted the conduct of at least four individuals acting as mortgage loan originators without valid licenses, in violation of Section 36a-498e(a)(6) of the Connecticut General Statutes in effect at such time; (3) required that Connecticut applicants submit documents verifying information related to the application before providing loan estimates required under 12 CFR Section 1026.19(e)(1)(i) of Regulation Z (“Loan Estimates”), in violation of 12 CFR Section 1026.19(e)(2)(iii) of Regulation Z and Section 36a-678(a) of the Connecticut General Statutes; (4) failed to provide Connecticut applicants the adverse action notices required by the Fair Credit Reporting Act (“FCRA”), in violation of 15 USC Section 1681m(a); (5) failed to comply with Sections 36a-485 to 36a-498e, inclusive, 36a-498h, 36a-534a and 36a-534b of the Connecticut General Statutes or other state or federal law applicable to its business, in violation of Section 36a-498e(a)(8) of the Connecticut General Statutes in effect at such time; and (6) failed to establish, enforce and maintain policies and procedures reasonably designed to achieve compliance with Section 36a-498e(a) of the Connecticut General Statutes in effect at such time, in violation of Section 36a-498e(b)(1) of the Connecticut General Statutes;

WHEREAS, the Commissioner also alleged in the Order and Notice that the conduct of LoanSnap fails to demonstrate that its character and general fitness are such as to command the confidence of the community and to warrant a determination that LoanSnap will operate honestly, fairly and efficiently within the purposes of Sections 36a-485 to 36a-498e, inclusive, 36a-498h, 36a-534a and 36a-534b of the Connecticut General Statutes, as required by Section 36a-489(a)(1)(C) of the Connecticut General Statutes;

WHEREAS, the Commissioner asserted that the allegations made in the Order and Notice constituted sufficient grounds to revoke and refuse to renew LoanSnap’s mortgage lender license in Connecticut pursuant to Sections 36a-494(a)(1) and 36a-494(a)(1)(C) of the Connecticut General Statutes, and subsections (a) and (b) of Section 36a-51 of the Connecticut General Statutes, and formed the basis to issue an order to cease and desist against LoanSnap pursuant to Section 36a-494(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty upon LoanSnap pursuant to Sections 36a-494(b) and 36a-50(a) of the Connecticut General Statutes;

WHEREAS, on January 5, 2024, the Order and Notice was sent by electronic mail to the individual designated as the primary company contact in the contact employee fields on the Nationwide Multistate Licensing System and Registry (“NMLS”), and by certified mail, return receipt requested, to LoanSnap (Certified Mail No.: 70162070000104623214);

WHEREAS, on January 16, 2024, LoanSnap requested a hearing, which is currently pending;

WHEREAS, Section 4-177(c) of the Connecticut General Statutes and Section 36a-1-55(a) of the Regulations of Connecticut State Agencies provide that a contested case may be resolved by consent order, unless precluded by law;

WHEREAS, the Commissioner and LoanSnap acknowledge the possible consequences of formal administrative proceedings and LoanSnap voluntarily agrees to consent to the entry of the sanctions imposed below without admitting or denying any allegations in the Order and Notice and set forth herein, and solely for the purpose of obviating the need for formal administrative proceedings concerning the allegations in the Order and Notice and set forth herein;

WHEREAS, the Commissioner and LoanSnap now desire to resolve the matters alleged in the Order and Notice and set forth herein;

WHEREAS, LoanSnap specifically assures the Commissioner that the violations alleged in the Order and Notice and herein shall not occur in the future;

WHEREAS, LoanSnap agrees that the Order and Notice may be used in construing the terms of this Consent Order and agrees to the language of this Consent Order;

WHEREAS, LoanSnap acknowledges that it has had the opportunity to consult with and be represented by independent counsel in negotiations and reviewing this Consent Order and executes this Consent Order freely;

WHEREAS, LoanSnap acknowledges that this Consent Order is a public record and is a reportable event for purposes of the regulatory disclosure questions on the NMLS, as applicable;

AND WHEREAS, LoanSnap, through its execution of this Consent Order, voluntarily agrees to waive its procedural rights, including an opportunity for a hearing as it pertains to the allegations contained in the Order and Notice and set forth herein, and voluntarily waives its right to seek judicial review or otherwise challenge or contest the validity of this Consent Order.

CONSENT TO ENTRY OF SANCTIONS

WHEREAS, LoanSnap, through its execution of this Consent Order, consents to the Commissioner's entry of a Consent Order imposing the following sanctions:

1. LoanSnap shall cease and desist from: (a) engaging the services of unlicensed individuals to act as mortgage loan originators in Connecticut, in violation of 12 CFR Section 1026.36(f)(2) of Regulation Z, Section 36a-486(b)(1) of the 2024 Supplement to the General Statutes, and Section 36a-678(a) of the Connecticut General Statutes, including, but not limited to, engaging the services of unlicensed employees to take residential mortgage loan applications by receiving requests in any form for an offer, or a response to a solicitation of an offer, of residential loan terms, and the information about the Connecticut borrower or prospective borrower that is customary or necessary in a decision on whether to make such an offer, including financial information indicative of the consumer's particular circumstance such as income, down payment or credit score along with the name and contact information of the borrower or potential borrower or to offer or negotiate terms of residential mortgage loans; (b) assisting or aiding and abetting individuals in the conduct of business as a mortgage loan originator without a valid license, in violation of Section 36a-498e(a)(6) of the 2024 Supplement to the General Statutes; (c) requiring that Connecticut applicants submit documents verifying information related to the application before providing the Loan Estimates required under 12 CFR Section 1026.19(e)(1)(i) of Regulation Z, in violation of 12 CFR Section 1026.19(e)(2)(iii) of Regulation Z; (d) failing to provide Connecticut applicants the adverse action notices required by the FCRA, in violation of 15 USC Section 1681m(a); and (e) failing to comply with Sections 36a-485 to 36a-498e, inclusive, 36a-498h, 36a-534a and 36a-534b of the Connecticut General Statutes or other state or federal law applicable to its business, in violation of Section 36a-498e(a)(8) of the 2024 Supplement to the General Statutes;
2. LoanSnap shall remit to the Department of Banking by electronic funds transfer, cashier's check, certified check or money order, made payable to "Treasurer, State of Connecticut", the sum of Seventy-Five Thousand Dollars (\$75,000) as a civil penalty made payable in two (2) installments as follows: Thirty-Seven Thousand Five Hundred Dollars (\$37,500) due no later

than the date this Consent Order is executed by LoanSnap, and Thirty-Seven Thousand Five Hundred Dollars (\$37,500) due on or before July 1, 2024;

3. No later than the date this Consent Order is executed by LoanSnap, it shall remit to the Department of Banking by electronic funds transfer, cashier's check, certified check or money order, made payable to "Treasurer, State of Connecticut", the sum of One Thousand Two Hundred Dollars (\$1,200) as payment for mortgage loan originator back licensing fees;
4. No later than the date this Consent Order is executed by LoanSnap, it shall:
 - a) Revise its mortgage loan origination operations to achieve compliance with 12 CFR Section 1026.36(f)(2) of Regulation Z, Sections 36a-486(b)(1) and 36a-498e(a)(6) of the 2024 Supplement to the General Statutes, and Section 36a-678(a) of the Connecticut General Statutes, by ensuring that no individuals employed by LoanSnap act as mortgage loan originators in Connecticut without the required license, including, but not limited to, receiving requests in any form for an offer, or a response to a solicitation of an offer, of residential loan terms, and the information about the Connecticut borrower or prospective borrower that is customary or necessary in a decision on whether to make such an offer, including financial information indicative of the consumer's particular circumstance, such as income, down payment or credit score, along with the name and contact information of the borrower or potential borrower or to offer or negotiate terms of residential mortgage loans, or making any representation to the public through advertising, social media posting or other means of communication that such individual can or will act as a mortgage loan originator on behalf of a licensee, unless such individuals are licensed as mortgage loan originators in Connecticut;
 - b) Revise its mortgage loan origination operations to achieve compliance with (1) 12 CFR Section 1026.19(e)(2)(ii) of Regulation Z, which prohibits LoanSnap from requiring a consumer to submit documents verifying information related to the consumer's application before providing the disclosures required by 12 CFR Section 1026.19(e)(1)(i), (2) 15 USC Section 1681m(a) under the FCRA, which requires that LoanSnap provide Connecticut applicants with adverse action notices whenever adverse action is taken, (3) Section 36a-498(d) of the Connecticut General Statutes, setting forth requirements for advance fees, (4) Section 36a-706 of the Connecticut General Statutes, setting forth requirements for providing mortgage rate lock-ins, (5) 12 CFR Sections 1026.19(e) and 1026.25, setting forth requirements for record provision and retention due to changed circumstance, and (6) 12 CFR Section 1026.19(e)(1)(vi)(C), requiring that when a consumer is permitted to shop for a settlement service in connection with its residential mortgage loan, LoanSnap provide the consumer with a written list identifying at least one available provider of that settlement service and stating that the consumer may choose a different provider for that service;
 - c) Continue to require (1) that unlicensed individuals disclose their Connecticut mortgage loan originator licensing status to any potential Connecticut borrower at the outset of any communication with such borrower, and (2) that any employee seeking the submission of documents verifying information related to a potential Connecticut borrower's application explicitly state to the borrower when asking for such documents that they are not required prior to the issuance of a Loan Estimate;

- d) LoanSnap shall implement policies and procedures acceptable to the Commissioner to effectuate subsections (a) through (c), inclusive, of this paragraph, and provide evidence of such policies and procedures to Carmine Costa, Director, Consumer Credit Division, Department of Banking, 260 Constitution Plaza, Hartford, Connecticut 06103-1800, or carmine.costa@ct.gov.
5. No later than one hundred twenty (120) days after the date of issuance of this Consent Order by the Commissioner, LoanSnap shall implement a system of oversight concerning the policies and procedures adopted pursuant to paragraph 4 above. Such system shall be in writing, provide a detailed audit program to be performed by independent personnel, either internal or external auditors sufficiently experienced in the mortgage industry and acceptable to the Division, to test adherence to the requirements set forth in the policies and procedures, shall be sufficient in scope and depth to address the risk present in LoanSnap's mortgage loan origination operations and shall clearly delineate management's responsibility over each requirement. LoanSnap shall provide a copy of this writing to Carmine Costa, Director, Consumer Credit Division, Department of Banking, 260 Constitution Plaza, Hartford, Connecticut 06103-1800, or carmine.costa@ct.gov; and
6. No later than ninety (90) days after the date of issuance of this Consent Order by the Commissioner, LoanSnap shall provide training to all management and any staff facilitating mortgage loan origination activity in Connecticut on Connecticut law and Federal law related to such activity, including, but not limited to, Sections 36a-486(b)(1), 36a-498e(a)(6), 36a-498e(a)(8) and 36a-498e(b)(1) of the 2024 Supplement to the General Statutes, Sections 36a-498(d), 36a-678(a) and 36a-706 of the Connecticut General Statutes, 12 CFR Sections 1026.19(e), 1026.19(e)(2)(iii), 1026.25 and 1026.36(f)(2) of Regulation Z, and 15 USC Section 1681m(a), to ensure that such persons are knowledgeable in compliance matters impacting LoanSnap's mortgage loan origination operations in Connecticut. LoanSnap shall provide such training at least annually and shall retain evidence of such training for at least three (3) years from the date of training.

CONSENT ORDER

NOW THEREFORE, the Commissioner enters the following:

1. The Sanctions set forth above be and are hereby entered;
2. Upon issuance of this Consent Order by the Commissioner, this matter will be resolved and the Commissioner will not take any future enforcement action against LoanSnap based upon the allegations contained in the Order and Notice and set forth herein; provided that issuance of this Consent Order is without prejudice to the right of the Commissioner to take enforcement action against LoanSnap based upon a violation of this Consent Order or the matters underlying its entry, if the Commissioner determines that compliance with the terms herein is not being observed or if any representation made by LoanSnap and reflected herein is subsequently discovered to be untrue;
3. LoanSnap shall not take any action or make or permit to be made any public statement, including in regulatory filings, any proceeding in any forum or otherwise, denying, directly or indirectly, any allegation referenced in this Consent Order or create the impression that this Consent Order is without factual basis. Except as specifically provided herein, LoanSnap shall not take any position in any proceeding brought by or on behalf of the Commissioner, or to

which the Commissioner is a party, that is inconsistent with any part of this Consent Order. Nothing in this provision affects LoanSnap's (i) testimonial obligations, or (ii) right to take any legal or factual position that may contradict an allegation in this Consent Order in litigation or other legal proceedings in which the Commissioner is not a party;

4. Subject to the foregoing, and so long as this Consent Order is promptly disclosed by LoanSnap and its control persons on NMLS, as applicable, nothing in the issuance of this Consent Order shall adversely affect the ability of LoanSnap to apply for or obtain a license or renewal license under Part I of Chapter 668, Sections 36a-485 et seq., of the Connecticut General Statutes, provided that all applicable legal requirements for such licenses are satisfied and the terms of this Consent Order are being followed;
5. This Consent Order shall be binding upon LoanSnap and its successors and assigns; and
6. This Consent Order shall become final when issued.

Issued at Hartford, Connecticut
this 15th day of May 2024.

/s/

Jorge L. Perez
Banking Commissioner

I, Allan Carroll, state on behalf of LoanSnap, Inc. d/b/a LoanSnap that I have read the foregoing Consent Order; that I know and fully understand its contents; that I am authorized to execute this Consent Order on behalf of LoanSnap, Inc. d/b/a LoanSnap; that LoanSnap, Inc. d/b/a LoanSnap agrees freely and without threat or coercion of any kind to comply with the sanctions entered and terms and conditions ordered herein; and that LoanSnap, Inc. d/b/a LoanSnap voluntarily agrees to enter into this Consent Order, expressly waiving the procedural rights set forth herein as to the matters described herein.

By: /s/
Name: Allan Carroll
Title: President
LoanSnap, Inc. d/b/a LoanSnap

State of: California

County of: San Francisco

On this the 23 day of April 2024, before me, D. Hidalgo Bonilla, Notary Public, the undersigned officer, personally appeared Allan Carroll, who acknowledged himself/herself to be the President of LoanSnap, Inc. d/b/a LoanSnap, a corporation, and that he/she as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself/herself as President.

In witness whereof I hereunto set my hand.

/s/
Notary Public
Date Commission Expires: September 14, 2026