

# **NEWS RELEASE**

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**JOSEPH A. SMITH, JR.  
COMMISSIONER OF BANKS**

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## **Mortgage Broker Loses License; Agrees to Sell Home to Repay Families Affected by Unaffordable Loans**

RALEIGH—Hall Financial Services has lost its license and has agreed to reimburse consumers between \$150,000 and \$250,000 through an agreement with the N.C. Office of the Commissioner of Banks (NCCOB) and the N.C. Attorney General. In April, NCCOB filed an enforcement action against Hall for failing to meet the duties required of mortgage brokers.

"We hope this settlement provides some help to families struggling to fend off foreclosure," said Deputy Commissioner of Banks Mark Pearce. "Mortgage brokers must do right by their customers, or they will not be mortgage brokers in this state."

NCCOB permanently revoked Hall Financial Services' mortgage broker license and the loan officer license of its owner, James M. Hall, after NCCOB investigators found Hall had originated loans without considering the borrowers' ability to repay the loans and with multiple misstatements in the loan documents. More than 40 percent of loans originated by Hall Financial in a 3-year period have gone into foreclosure. In addition, Hall Financial Services, located in Matthews, placed second mortgages on customers' homes without telling them until the mortgage closing.

NCCOB will create a settlement fund to provide some reimbursement to affected borrowers using monies paid by Hall. Hall will sign a Confession of Judgment in the sum of \$250,000 that will be released if he pays \$150,000 within a year. As part of the agreement, Hall will be required to sell his home and to use most of the proceeds toward the judgment. If Hall does not pay the \$150,000 within a year, he will have to pay the full \$250,000 toward the fund.

"We're taking action in cases like this to help consumers who've been hurt by unfair and abusive mortgage loans, and we're also pushing for tougher laws to better protect North Carolina homebuyers," said Attorney General Roy Cooper.

In June, Attorney General Roy Cooper and NCCOB announced that three Charlotte-area builders who held the second mortgages arranged by Hall agreed to forgive nearly \$2 million worth of second mortgages. The builders, Dixie Homes LLC of Gastonia and MCE Properties Inc. and Evans-Davis Inc. of Kings Mountain, agreed to forgive 66 second mortgage loans to settle allegations that they violated state laws that regulate mortgage loans and protect consumers from unfair and deceptive business practices.

Two new laws backed by NCCOB and Cooper will help protect North Carolinians from mortgage fraud. A recently enacted bill,

<http://www.ncga.state.nc.us/Sessions/2007/Bills/House/HTML/H817v6.html>, will make it a felony to engage in mortgage fraud effective Dec. 1, 2007. Another recently enacted bill intended to prevent mortgage fraud, <http://www.ncga.state.nc.us/Sessions/2007/Bills/House/HTML/H313v9.html>, will require the loan originator to be identified on the deed of trust effective April 1, 2008.

The settlement agreement and order are available on NCCOB's website at [http://www.nccob.org/mlenforcements/07\\_041A.pdf](http://www.nccob.org/mlenforcements/07_041A.pdf).

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