

# **NEWS RELEASE**

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

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<b>RELEASE:</b>	<b>IMMEDIATE</b>	<b>DATE:</b>	<b>August 11, 2009</b>
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## **N.C. Commissioner of Banks Orders Taylor, Bean & Whitaker Mortgage Corp. to Cease Originations and Foreclosures**

RALEIGH—N.C. Commissioner of Banks, Joseph A. Smith, Jr., summarily ordered Taylor, Bean & Whitaker Mortgage Corp. (TBW), a major mortgage lender based in Ocala, Florida, to cease and desist from originating new mortgage loans and from foreclosing on existing loans pending completion of an audit of loan files by the N.C. Office of the Commissioner of Banks (NCCOB). This order follows allegations by NCCOB that TBW failed to meet commitments made to NCCOB over the past year and TBW's announcement last week that it had ceased all origination activity after suspension from various federal lending programs.

"Given the turmoil around TBW's closure and its repeated inability to meet commitments to this State, we do not believe it is in the public interest to allow TBW to proceed with foreclosures at this time on loans originated by TBW," said Deputy Commissioner of Banks Mark Pearce.

Based upon NCCOB's notice of hearing, Commissioner Smith issued a cease-and-desist order that requires TBW to provide a list of all of N.C. residential loans in its pipeline as well as:

- cease all further loan origination activity in North Carolina
- cease and desist from commencing or proceeding with foreclosures against loans originated by TBW
- cease from undertaking new servicing obligations

The notice of hearing alleges that NCCOB has been attempting to collect information from TBW since August 2008, regarding its compliance with North Carolina and federal lending laws, but as of yet, TBW has not provided information that would enable NCCOB to assess the company's compliance. The notice also alleges that, in June 2009, TBW voluntarily agreed to suspend foreclosure activity in North Carolina pending the production of the information, but NCCOB uncovered evidence that they had proceeded with foreclosures despite that commitment.

On June 23, 2009, the Commissioner entered a consent order, based upon a settlement between TBW, NCCOB and 13 other state regulators. The settlement was reached in the wake of a limited multi-state examination of TBW's lending practices. The consent order required TBW to change its policy and procedures to address alleged compliance exceptions raised by the state regulators regarding "non-traditional" loans, such as interest-only loans or loans with reduced documentation. The consent order also required TBW to hire an independent loan review firm to review non-traditional mortgage products and loan applications processed by TBW.

Last week, TBW was suspended from participating in various federal lending programs, such as FHA, GNMA, and Freddie Mac. This suspension was based on TBW's failure to provide accurate information to these federal agencies. The FHA press release is available at <http://www.hud.gov/news/release.cfm?content=pr09-145.cfm&CFID=16663316&CFTOKEN=64533085>.

After this suspension, TBW announced it was stopping all origination activity, including funding of loans in its pipeline. TBW has also acknowledged the termination of many of its employees, and indicated that at least 40 North Carolina borrowers had loans scheduled for closing that did not in fact close as a result of TBW's actions last week, it is likely that more applicants for loans are at risk as TBW fails to process their loans.

Although the Commissioner has ordered TBW to cease new loan origination activity, NCCOB is working with TBW to find ways to assist existing loan applicants in connecting to other lenders. NCCOB encourages any existing applicant to contact their mortgage broker to discuss their options.

TBW has a right to appeal the summary order of the Commissioner and if so, a hearing will be conducted within 15 days. The Commissioner has scheduled a hearing in October 2009 to determine if the Commissioner should revoke TBW's license to originate and service loans in this State. The notice of hearing and the Commissioner's cease and desist order are available on NCCOB's website at <https://www.nccob.org/Online/NMLS/CommissionOrderListing.aspx>.

NCCOB regulates state-chartered banks, thrifts, savings and loans, trust companies, and more than 900 mortgage lenders/servicers/brokers and 9,500 loan officers, as well as numerous consumer finance companies, check-cashers, and other financial services.

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