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Loan firm charged with fraud settles in NH, Mass.

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A tri-state mortgage company with an office in Nashua has agreed to pay more than \$700,000 to settle allegations of fraud in two states.

In separate settlements, The Mortgage Specialists, with one of its eight offices at 327 Amherst St., has agreed to pay fines of \$425,000 for violations in New Hampshire and \$300,000 for those in Massachusetts.

New Hampshire banking officials accused the company last month of forging signatures, destroying documents and breaking at least six other industry laws. Massachusetts quickly followed with allegations of falsifying income information and altering loan documents.

The New Hampshire Banking Department issued a statement late Monday announcing its settlement. The deal also requires Mortgage Specialists to allow old loan files to be inspected for violations.

"The settlement appropriately sanctions this company for the violations we uncovered," banking department commissioner Peter Hildreth said in the statement.

The banking department could not be reached for further comment Monday because the statement was released after the office closed.

Alex Walker, the attorney who represented Mortgage Specialists, said the agreement with Massachusetts was reached Friday.

"The company is pleased that the process in New Hampshire and Massachusetts is resolved so the company can get back to focusing its efforts on its core business and rebuilding the confidence of its customers," said Walker, of Devine, Millimet & Branch in Manchester. The company is fully operational in both states, he said. Massachusetts shut down the business altogether earlier this month, while New Hampshire allowed it to remain open.

In New Hampshire, the company itself will dole out \$325,000 of the fine. Of that, \$150,000 will go to the New Hampshire Housing Finance Authority for foreclosure prevention and new homeowner assistance programs. The rest will go to the National Mortgage Licensing System and the banking department.

Company owner Michael Gill and controller Lisa Tracy will each pay \$50,000 in penalties, the statement said.

The Mortgage Specialists is based in Plaistow, but also has branches in Nashua, Manchester, Salem, Windham, Somersworth and in Worcester and Peabody, Mass.

The company also does business in Maine.

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