

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF BANKING AND SECURITIES

In the Matter of:

DAVID L. CORNWALL,
PATRICIA A. CORNWALL, AND
ALASKA HOME SOLUTIONS, INC.,

Respondents.

ORDER NO: 18-91-C

**FINAL ORDER VACATING THE
SUSPENDED PENALTY AND
CONSENT TO ORDER**

The Director of the Department of Commerce, Community, and Economic Development, Division of Banking and Securities (“Department”), conducted an investigation into certain activities of David L. Cornwall, Patricia A. Cornwall, and Alaska Home Solutions, Inc. (collectively “Respondents”) and determined that Respondents violated certain provisions of Alaska Statute (AS) 06.60 et seq. (the Alaska Secure and Fair Enforcement for Mortgage Licensing Act of 2010 (“Alaska SAFE Act”)).

Respondents disagree with the Department’s determination, do not admit to having violated the SAFE Act, and requested a hearing. The Department and Respondents engaged in alternative dispute resolution on December 18, 2024, and reached an agreement, which was placed on record. The terms of the agreement are stated in the Consent Order (Section III) below. The Department and Respondents wish to resolve and settle this matter upon the terms set forth below.

Respondents do not admit the Department’s Findings of Fact (Section I) and Conclusions of Law (II); however, Respondents do not object to entry of the Order imposing a suspended penalty of \$15,000 and setting forth the additional terms stated below in Section

1 III. Respondents do not waive their right to a hearing under AS 06.60 et seq. (Alaska SAFE
2 Act) and AS 44.62 et seq. (the Alaska Administrative Procedure Act) unless and until all
3 terms of the settlement are performed in full by the parties.

4 **I. FINDINGS OF FACT**

5 1. Respondent Alaska Home Solutions, Inc. (“Alaska Home Solutions”) organized as
6 an Alaska Corporation on July 14, 2005 (entity no. 95139), and maintains a principal
7 address of 2515 Freeman Road, North Pole, AK 99705. The purpose of the business is to
8 manage residential real estate for others, identified by its North American Industry
9 Classification System code.

10 2. Respondent David L. Cornwall is a resident of North Pole, Alaska. Mr. Cornwall is
11 Director, President, Shareholder, Secretary, Treasurer and 100% owner of Respondent
12 Alaska Home Solutions.

13 3. Respondent Patricia A. Cornwall is a resident of North Pole, AK. Ms. Cornwall is
14 Vice President of Respondent Alaska Home Solutions. Ms. Cornwall is also the owner and
15 beneficiary of a self-directed Roth IRA account held at Equity Trust company (“Cornwall
16 Roth IRA”) that was used to purchase and sell real estate properties.

17 4. Since at least 2009, Respondents collectively have sold and seller-financed at least
18 twenty-two residential properties. In at least 19 of these transactions, the mortgage loan
19 included a balloon payment. Balloon payments are additional payments larger than the
20 contracted monthly payment and require additional disclosures under federal law and are
21 prohibited with seller-financing under state law. Balloon payments are defined as negative
22 amortization in 3 AAC 14.990(c) and are prohibited under AS 06.60.015(b)(4)(F). Balloon
23 payments provide significant risk to borrowers and may cause a borrower into foreclosure if
24 they are unable to make the balloon payment or refinance the loan.

1 5. On August 10, 2018, Respondents David and Patrica Cornwall sold a single-family
2 residence located at 888 Rollage Rd, North Pole, AK. This property was seller-financed for
3 a loan amount of \$125,650 with 6.0% interest. Mr. and Ms. Cornwall offered and negotiated
4 the terms of the mortgage loan with the expectation of gain. Mr. and Ms. Cornwall did not
5 determine if the purchaser had a reasonable ability to repay the loan.

6 6. On August 3, 2021, Respondent Patricia Cornwall used the Cornwall Roth IRA
7 account to sell a single-family residence located at 1123 21st Ave, Fairbanks, AK. This
8 property was seller-financed for a loan amount of \$75,100 with 7.8% interest. The terms of
9 the promissory note required monthly payments of \$700 for 180 months, resulting in a final
10 balloon payment of \$3,704.46 due on 8/1/2036. Ms. Cornwall offered or negotiated the
11 terms of the mortgage loan with the expectation of gain. Ms. Cornwall did not determine if
12 the purchaser had a reasonable ability to repay the loan.

13 7. On November 14, 2022, Respondent Alaska Home Solutions sold a single-family
14 residence located at 2014 Carr Ave, Fairbanks, AK. This property was seller-financed for a
15 loan amount of \$330,000 with 8.0% interest. This loan included a \$15,000 balloon payment
16 due on July 1, 2023. Alaska Home Solutions funded the mortgage loan and was named as
17 the payee in the promissory note and the beneficiary of the deed of trust. Respondent David
18 Cornwall offered or negotiated the terms of the mortgage loan with the expectation of gain.
19 Mr. Cornwall did not determine if the purchaser had a reasonable ability to repay the loan.

20 8. At all relevant times, Respondents David and Patricia Cornwall were not licensed
21 as mortgage loan originators.

22 9. At all relevant times, Respondent Alaska Home Solutions was not licensed as a
23 mortgage lender.

24 10. Respondents failed to respond to the Department's subpoena, dated May 25, 2023,

1 which was served on David and Patricia Cornwall. Among other requests, the subpoena
2 included a request for proof of ability to repay for each seller-financed loan. Because the
3 Respondents failed to respond, the Department infers that the Respondents did not
4 determine the borrower's ability to repay or provide required documentation to the
5 borrowers. These documents are defined in AS 06.06.015(b)(4)(G).

6 II. CONCLUSIONS OF LAW

7 1. Under AS 06.60.015(b)(4), a seller that self-finances a mortgage loan is exempt
8 from the mortgage loan originator licensing requirements if they meet certain qualifications.
9 The seller does not qualify for the exemption if the loan has a payment that results in
10 negative amortization under AS 06.60.015(b)(4)(F)(i). A loan results in negative
11 amortization if it includes balloon payments or final payments that are more than the
12 monthly payments, as defined in 3 AAC 14.990(c). The seller also does not qualify for the
13 exemption if the seller fails to determine that the purchaser has a reasonable ability to repay
14 the loan under AS 06.60.015(b)(4)(D).

15 2. On August 10, 2018, Respondents David and Patricia Cornwall qualified as
16 mortgage loan originators as defined by AS 06.60.990(24) and did not qualify for an
17 exemption under AS 06.60.015(b)(4). Mr. and Ms. Cornwall violated AS 06.60.012 by
18 operating as a mortgage loan originator without a license.

19 3. On August 3, 2021, Respondent Patricia Cornwall qualified as a mortgage loan
20 originator as defined by AS 06.60.990(24) and did not qualify for an exemption under AS
21 06.60.015(b)(4). Ms. Cornwall violated AS 06.60.012 by operating as a mortgage loan
22 originator without a license.

23 4. On November 14, 2022, Respondent Alaska Home Solutions qualified as a
24 mortgage lender as defined by AS 06.60.990(20). Alaska Home Solutions violated AS

1 06.60.010 by operating as a mortgage lender without a license.

2 5. On November 14, 2022, Respondent David Cornwall qualified as a mortgage loan
3 originator as defined by AS 06.60.990(24) and did not qualify for an exemption under AS
4 06.60.015(b)(4). Mr. Cornwall violated AS 06.60.012 by operating as a mortgage loan
5 originator without a license.

6 6. Respondents are subject to a civil penalty under AS 06.60.420 for violating AS
7 06.60.010 and AS 06.60.012.

8 7. Under AS 06.60.420(a), a person who violates a provision of this chapter, a
9 regulation adopted or an order issued under this chapter, is liable for a civil penalty not to
10 exceed \$10,000 for each violation.

11 III. CONSENT ORDER

12 IT IS AGREED AND ORDERED that before January 6, 2025, Respondents
13 modified the promissory note for the 1123 21st Avenue property by adding five months to the
14 original 15-year (180-month) payment schedule for a new total of 185 months to eliminate
15 the final payment in the amount of \$3,704.46. Respondents modified the deed of trust to
16 incorporate the terms of the amended promissory note. Respondents agree the promissory
17 note shall only extend the period of repayment as necessary to allow the purchaser to pay off
18 the balance of the loan at the monthly payment rate (\$700) or less for the final payment.

19 IT IS FURTHER AGREED AND ORDERED that on December 23, 2024, the
20 Department provided Respondents with a Letter of Instruction for Respondents to provide to
21 the Purchaser explaining the need to amend the promissory note for the 1123 21st Avenue
22 Property.

23 IT IS FURTHER AGREED AND ORDERED that on January 24, 2025,
24 Respondents provided the Department the following information:

Cornwall
Interim Order Imposing Suspended Penalty and Consent to Order

Order No. 18-91-C
Page 5 of 11

- 1 1. A list of all outstanding loans between Respondents and Purchasers for which
2 Respondents originated the mortgage loan, and the mortgage loan is still in repayment
3 as of January 31, 2025. The list included any properties sold by Respondents that are
4 in closing. The list identified the address and legal description of the property secured
5 by the mortgage.
- 6 2. For all loans secured by a residential dwelling, the promissory note, deed of trust or
7 equivalent, and warranty deed. “Residential dwelling” means “a residential structure
8 or mobile home that contains one to four family housing units, or the individual units
9 of condominiums or cooperatives[.]” AS 06.60.990(8).
- 10 3. The promissory note, deed of trust or equivalent, warranty deed, and documentation
11 of the purchaser’s ability to repay the loan, for any properties sold by Respondent that
12 are in closing as of January 31, 2025. If the final documents are not yet available,
13 Respondents shall provide the most recent draft. Documentation of the purchaser’s
14 ability to repay the loan means the Respondents’ information sheet completed by the
15 purchaser, documenting the financial information used by Respondents to determine
16 the purchaser’s ability to repay the loan, as required by AS 06.60.015(b)(4)(G).
17 Respondents provided this information electronically to the Department. The
18 Department provided Respondents with instructions for sending files by e-mail or
19 other electronic means.

20 IT IS FURTHER AGREED that the Department has reviewed the information sent
21 by Respondents on January 24, 2025 and identified four mortgage loans containing terms
22 that violated the Alaska SAFE Act. On February 20, 2025, the Department provided
23 Respondents with the required information regarding amendments and a Letter of Instruction
24 for the four Purchasers of loans that required amendments.

1 IT IS FURTHER AGREED AND ORDERED that Respondents, in coordination
2 with the Purchaser(s), amended the loans as indicated in the Letter of Instruction. On April 9,
3 2025, Respondents provided proof to the Department of the required amendments and
4 modifications.

5 IT IS FURTHER AGREED AND ORDERED that the Department hereby vacates
6 the imposed suspended \$15,000 penalty, that was due May 1, 2025, for the violations relating
7 to properties identified in paragraphs 5-7 in the Conclusions of Law. Respondents agree the
8 suspended civil penalty has been removed due to the Respondents' full cooperation and
9 timely compliance with the stated terms of this order prior to April 30, 2025.

10 IT IS FURTHER AGREED that this Consent Order is intended to resolve this
11 matter as to Respondent and settles all pending matters identified by the Department and
12 arising out of the conduct alleged in this order. Nothing in this order constitutes an
13 admission or denial of the findings of fact and conclusions of law stated in this Order.

14 IT IS FURTHER AGREED that the Department has jurisdiction to enter this
15 Consent Order pursuant to the Alaska SAFE Act.

16 IT IS FURTHER AGREED that on or after May 1, 2025, upon notification and
17 service of the Order removing the suspended civil penalty of \$15,000.00 and closing with
18 prejudice the case against Respondents, the Office of Administrative Hearings ("OHA") will
19 close the case with a Dismissal Order indicating the matter has been fully disposed of
20 through the full satisfaction of the preceding settlement terms by the Parties. Respondents
21 agree to waive their right to a hearing and judicial review AS 44.62 et seq. (the Alaska
22 Administrative Procedure Act) only upon the Department's full compliance with the terms of
23 the settlement.

24 IT IS FURTHER AGREED that Respondents have five remaining properties they

1 wish to sell for which a borrower likely cannot obtain traditional financing or for which
2 traditional financing may not be possible. Respondents anticipate they will originate and
3 finance the loans for the properties.

4 IT IS FURTHER AGREED AND ORDERED that before closing on the sale of
5 each of the said properties, Respondents shall provide the Department with documentation
6 demonstrating the mortgage loan complies with the Alaska SAFE Act, including the
7 promissory note, deed of trust, and the buyer's information sheet supplying information to
8 demonstrate compliance with AS 06.60.015(b)(4)(G). The Department shall review the
9 documentation and determine compliance with the Alaska SAFE Act. Within five business
10 days, the Department shall notify Respondents of its compliance determination and identify
11 the actions necessary to be taken, if any, for compliance. The Department shall not take any
12 further action against Respondents for loans determined to be compliant or for which the
13 necessary actions have been taken to achieve compliance. Should Respondents fail to comply
14 with the terms set forth in this paragraph, the Division may take appropriate action to enforce
15 compliance with this paragraph and with the Alaska SAFE Act.

16
17 **IT IS SO ORDERED.**

18
19 Julie Sande, Commissioner
20 Department of Commerce, Community,
and Economic Development

21 05/07/2025
22 Date

/s/ Robert H. Schmidt
23 Robert H. Schmidt, Director
24 Division of Banking and Securities

Consent to Entry of Order

I, Patricia Cornwall, acknowledge that I have read the foregoing Order and that I know and fully understand the Order contents; that I voluntarily and without any force or duress, consent to the entry of this Order; and that I am aware of the right to a hearing and judicial review in this matter. I agree to waive the same upon the parties compliance with the Order on or before May 1, 2025.

For purposes of this Order, I admit to the jurisdiction of the Department of Commerce, Community and Economic Development, Division of Banking and Securities (“Department”) and consent to entry of this Order by the Department as settlement of the issues contained in this Order.

I understand should the parties not settle the matter pursuant to the terms and conditions agreed upon, the Department reserves the right to take further actions to enforce this Order or to take appropriate action upon failure to correct violations of the Alaska SAFE Act, and I am entitled to a hearing and judicial review pursuant to AS 44.62 *et seq.*, the Alaska Administrative Procedure Act.

I understand that this Order is a public document.

05/01/2025
Date

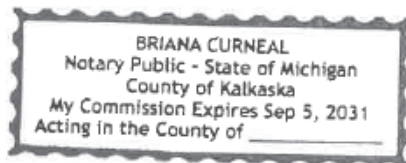
/s/ Patricia Cornwall
Respondent

SUBSCRIBED AND SWORN TO before me this 1st day of May, 2025.

NOTARY SEAL

/s/ Briana Curneal
Briana Curneal (Notary)
State of: Michigan
Commission Expires: 09/05/2031

NOTARY SEAL



Consent to Entry of Order

I, David Cornwall, acknowledge that I have read the foregoing Order and that I know and fully understand the Order contents; that I voluntarily and without any force or duress, consent to the entry of this Order; and that I am aware of the right to a hearing and judicial review in this matter. I agree to waive the same upon the parties compliance with the Order on or before May 1, 2025.

For purposes of this Order, I admit to the jurisdiction of the Department of Commerce, Community and Economic Development, Division of Banking and Securities (“Department”) and consent to entry of this Order by the Department as settlement of the issues contained in this Order.

I understand should the parties not settle the matter pursuant to the terms and conditions agreed upon, the Department reserves the right to take further actions to enforce this Order or to take appropriate action upon failure to correct violations of the Alaska SAFE Act, and I am entitled to a hearing and judicial review pursuant to AS 44.62 *et seq.*, the Alaska Administrative Procedure Act.

I understand that this Order is a public document.

05/01/2025
Date

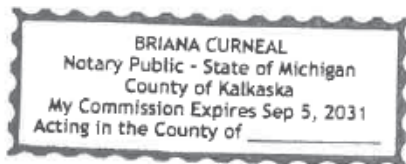
/s/ David Cornwall
Respondent

SUBSCRIBED AND SWORN TO before me this 1st day of May, 2025.

NOTARY SEAL

/s/ Briana Curneal
Briana Curneal (Notary)
State of: Michigan
Commission Expires: 09/05/2031

NOTARY SEAL



Consent to Entry of Order

I, David Cornwall, state that I am the President of Alaska Home Solutions and am authorized to act on its behalf. I acknowledge that I have read the foregoing Order and that I know and fully understand the Order contents; that I voluntarily and without any force or duress, consent to the entry of this Order; and that I am aware of the right to a hearing and judicial review in this matter. I agree to waive the same upon the parties compliance with the Order on or before May 1, 2025.

For purposes of this Order, I admit to the jurisdiction of the Department of Commerce, Community and Economic Development, Division of Banking and Securities (“Department”) and consent to entry of this Order by the Department as settlement of the issues contained in this Order.

I understand should the parties not settle the matter pursuant to the terms and conditions agreed upon, the Department reserves the right to take further actions to enforce this Order or to take appropriate action upon failure to correct violations of the Alaska SAFE Act, and I am entitled to a hearing and judicial review pursuant to AS 44.62 *et seq.*, the Alaska Administrative Procedure Act.

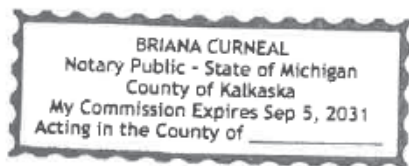
I understand that this Order is a public document.

05/01/2025
Date

/s/ David Cornwall
Respondent

SUBSCRIBED AND SWORN TO before me this 1st day of May, 2025.

NOTARY SEAL



/s/ Briana Curneal
Briana Curneal (Notary)
State of: Michigan
Commission Expires: 09/05/2031

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF BANKING AND SECURITIES

In the Matter of:

DAVID L. CORNWALL,
PATRICIA A. CORNWALL, AND
ALASKA HOME SOLUTIONS, INC.,

Respondents.

ORDER NO: 18-91-C

**INTERIM ORDER IMPOSING
SUSPENDED PENALTY AND
CONSENT TO ORDER**

The Director of the Department of Commerce, Community, and Economic Development, Division of Banking and Securities (“Department”), conducted an investigation into certain activities of David L. Cornwall, Patricia A. Cornwall, and Alaska Home Solutions, Inc. (collectively “Respondents”) and determined that Respondents violated certain provisions of Alaska Statute (AS) 06.60 et seq. (the Alaska Secure and Fair Enforcement for Mortgage Licensing Act of 2010 (“Alaska SAFE Act”)).

Respondents disagree with the Department’s determination, do not admit to having violated the SAFE Act, and have requested a hearing. The Department and Respondents engaged in alternative dispute resolution on December 18, 2024, and reached an agreement, which was placed on record. The terms of the agreement are stated in the Consent Order (Section III) below. The Department and Respondents wish to resolve and settle this matter upon the terms set forth below.

Respondents do not admit the Department’s Findings of Fact (Section I) and Conclusions of Law (II); however, Respondents do not object to entry of the Order imposing a suspended penalty of \$15,000 and setting forth the additional terms stated below in Section

1 III. Respondents do not waive their right to a hearing under AS 06.60 et seq. (Alaska SAFE
2 Act) and AS 44.62 et seq. (the Alaska Administrative Procedure Act) unless and until all
3 terms of the settlement are performed in full by the parties.

4 **I. FINDINGS OF FACT**

5 1. Respondent Alaska Home Solutions, Inc. (“Alaska Home Solutions”) organized as
6 an Alaska Corporation on July 14, 2005 (entity no. 95139), and maintains a principal
7 address of 2515 Freeman Road, North Pole, AK 99705. The purpose of the business is to
8 manage residential real estate for others, identified by its North American Industry
9 Classification System code.

10 2. Respondent David L. Cornwall is a resident of North Pole, Alaska. Mr. Cornwall is
11 Director, President, Shareholder, Secretary, Treasurer and 100% owner of Respondent
12 Alaska Home Solutions.

13 3. Respondent Patricia A. Cornwall is a resident of North Pole, AK. Ms. Cornwall is
14 Vice President of Respondent Alaska Home Solutions. Ms. Cornwall is also the owner and
15 beneficiary of a self-directed Roth IRA account held at Equity Trust company (“Cornwall
16 Roth IRA”) that was used to purchase and sell real estate properties.

17 4. Since at least 2009, Respondents collectively have sold and seller-financed at least
18 twenty-two residential properties. In at least 19 of these transactions, the mortgage loan
19 included a balloon payment. Balloon payments are additional payments larger than the
20 contracted monthly payment and require additional disclosures under federal law and are
21 prohibited with seller-financing under state law. Balloon payments are defined as negative
22 amortization in 3 AAC 14.990(c) and are prohibited under AS 06.60.015(b)(4)(F). Balloon
23 payments provide significant risk to borrowers and may cause a borrower into foreclosure if
24 they are unable to make the balloon payment or refinance the loan.

1 5. On August 10, 2018, Respondents David and Patrica Cornwall sold a single-family
2 residence located at 888 Rollage Rd, North Pole, AK. This property was seller-financed for
3 a loan amount of \$125,650 with 6.0% interest. Mr. and Ms. Cornwall offered and negotiated
4 the terms of the mortgage loan with the expectation of gain. Mr. and Ms. Cornwall did not
5 determine if the purchaser had a reasonable ability to repay the loan.

6 6. On August 3, 2021, Respondent Patricia Cornwall used the Cornwall Roth IRA
7 account to sell a single-family residence located at 1123 21st Ave, Fairbanks, AK. This
8 property was seller-financed for a loan amount of \$75,100 with 7.8% interest. The terms of
9 the promissory note required monthly payments of \$700 for 180 months, resulting in a final
10 balloon payment of \$3,704.46 due on 8/1/2036. Ms. Cornwall offered or negotiated the
11 terms of the mortgage loan with the expectation of gain. Ms. Cornwall did not determine if
12 the purchaser had a reasonable ability to repay the loan.

13 7. On November 14, 2022, Respondent Alaska Home Solutions sold a single-family
14 residence located at 2014 Carr Ave, Fairbanks, AK. This property was seller-financed for a
15 loan amount of \$330,000 with 8.0% interest. This loan included a \$15,000 balloon payment
16 due on July 1, 2023. Alaska Home Solutions funded the mortgage loan and was named as
17 the payee in the promissory note and the beneficiary of the deed of trust. Respondent David
18 Cornwall offered or negotiated the terms of the mortgage loan with the expectation of gain.
19 Mr. Cornwall did not determine if the purchaser had a reasonable ability to repay the loan.

20 8. At all relevant times, Respondents David and Patricia Cornwall were not licensed
21 as mortgage loan originators.

22 9. At all relevant times, Respondent Alaska Home Solutions was not licensed as a
23 mortgage lender.

24 10. Respondents failed to respond to the Department's subpoena, dated May 25, 2023,

1 which was served on David and Patricia Cornwall. Among other requests, the subpoena
2 included a request for proof of ability to repay for each seller-financed loan. Because the
3 Respondents failed to respond, the Department infers that the Respondents did not
4 determine the borrower's ability to repay or provide required documentation to the
5 borrowers. These documents are defined in AS 06.06.015(b)(4)(G).

6 II. CONCLUSIONS OF LAW

7 1. Under AS 06.60.015(b)(4), a seller that self-finances a mortgage loan is exempt
8 from the mortgage loan originator licensing requirements if they meet certain qualifications.
9 The seller does not qualify for the exemption if the loan has a payment that results in
10 negative amortization under AS 06.60.015(b)(4)(F)(i). A loan results in negative
11 amortization if it includes balloon payments or final payments that are more than the
12 monthly payments, as defined in 3 AAC 14.990(c). The seller also does not qualify for the
13 exemption if the seller fails to determine that the purchaser has a reasonable ability to repay
14 the loan under AS 06.60.015(b)(4)(D).

15 2. On August 10, 2018, Respondents David and Patricia Cornwall qualified as
16 mortgage loan originators as defined by AS 06.60.990(24) and did not qualify for an
17 exemption under AS 06.60.015(b)(4). Mr. and Ms. Cornwall violated AS 06.60.012 by
18 operating as a mortgage loan originator without a license.

19 3. On August 3, 2021, Respondent Patricia Cornwall qualified as a mortgage loan
20 originator as defined by AS 06.60.990(24) and did not qualify for an exemption under AS
21 06.60.015(b)(4). Ms. Cornwall violated AS 06.60.012 by operating as a mortgage loan
22 originator without a license.

23 4. On November 14, 2022, Respondent Alaska Home Solutions qualified as a
24 mortgage lender as defined by AS 06.60.990(20). Alaska Home Solutions violated AS

1 06.60.010 by operating as a mortgage lender without a license.

2 5. On November 14, 2022, Respondent David Cornwall qualified as a mortgage loan
3 originator as defined by AS 06.60.990(24) and did not qualify for an exemption under AS
4 06.60.015(b)(4). Mr. Cornwall violated AS 06.60.012 by operating as a mortgage loan
5 originator without a license.

6 6. Respondents are subject to a civil penalty under AS 06.60.420 for violating AS
7 06.60.010 and AS 06.60.012.

8 7. Under AS 06.60.420(a), a person who violates a provision of this chapter, a
9 regulation adopted or an order issued under this chapter, is liable for a civil penalty not to
10 exceed \$10,000 for each violation.

11 III. CONSENT ORDER

12 IT IS AGREED AND ORDERED that before January 6, 2025, Respondents
13 modified the promissory note for the 1123 21st Avenue property by adding five months to the
14 original 15-year (180-month) payment schedule for a new total of 185 months to eliminate
15 the final payment in the amount of \$3,704.46. Respondents modified the deed of trust to
16 incorporate the terms of the amended promissory note. Respondents agree the promissory
17 note shall only extend the period of repayment as necessary to allow the purchaser to pay off
18 the balance of the loan at the monthly payment rate (\$700) or less for the final payment.

19 IT IS FURTHER AGREED AND ORDERED that on December 23, 2024, the
20 Department provided Respondents with a Letter of Instruction for Respondents to provide to
21 the Purchaser explaining the need to amend the promissory note for the 1123 21st Avenue
22 Property.

23 IT IS FURTHER AGREED AND ORDERED by January 31, 2025, Respondents
24 will provide the Department the following information:

Cornwall
Interim Order Imposing Suspended Penalty and Consent to Order

Order No. 18-91-C
Page 5 of 12

- 1 1. A list of all outstanding loans between Respondents and Purchasers for which
2 Respondents originated the mortgage loan, and the mortgage loan is still in repayment
3 as of January 31, 2025. The list shall include any properties sold by Respondents that
4 are in closing. The list shall identify the address and legal description of the property
5 secured by the mortgage. Said lists and Loan Documents are to be provided to Tracy
6 Reno, Chief Financial Examiner for the Department through secure electronic mail
7 exchange by .pdf scan or electronic drop box.
- 8 2. For all loans secured by a residential dwelling, the promissory note, deed of trust or
9 equivalent, and warranty deed. “Residential dwelling” means “a residential structure
10 or mobile home that contains one to four family housing units, or the individual units
11 of condominiums or cooperatives[.]” AS 06.60.990(8).
- 12 3. The promissory note, deed of trust or equivalent, warranty deed, and documentation
13 of the purchaser’s ability to repay the loan, for any properties sold by Respondent that
14 are in closing as of January 31, 2025. If the final documents are not yet available,
15 Respondents shall provide the most recent draft. Documentation of the purchaser’s
16 ability to repay the loan means the Respondents’ information sheet completed by the
17 purchaser, documenting the financial information used by Respondents to determine
18 the purchaser’s ability to repay the loan, as required by AS 06.60.015(b)(4)(G).

19 Respondents shall provide this information electronically to the Department. The Department
20 shall provide Respondents with instructions for sending files by e-mail or other electronic
21 means.

22 IT IS FURTHER AGREED that the Department shall review the information sent
23 by Respondents and identify any mortgage loans containing terms it believes violate the
24 Alaska SAFE Act. By no later than February 21, 2025, the Department shall provide

1 Respondents with the required information regarding amendments and a Letter of Instruction
2 for each Purchaser of a loan that requires amendment to conform with the Alaska SAFE Act.

3 IT IS FURTHER AGREED AND ORDERED that Respondents, in coordination
4 with the Purchaser(s), shall amend the loans as indicated in the Letter of Instruction. No later
5 than April 30, 2025, Respondents shall provide proof to the Department of any required
6 amendments. The Department shall not assess any penalty, other than the penalty described
7 below, against Respondents for violations of the Alaska SAFE Act arising out of loans which
8 have been timely amended to conform with the law.

9 IT IS FURTHER AGREED AND ORDERED that the Department shall impose a
10 suspended \$15,000 penalty, due May 1, 2025, for the violations relating to properties
11 identified in paragraphs 5-7 in the Conclusions of Law. Respondents agree the suspended
12 civil penalties shall be removed by Respondents full cooperation and timely compliance with
13 the stated terms of this order by April 30, 2025, otherwise the penalty shall be imposed upon
14 Respondents. By May 1, 2025, the Department shall remove the civil penalty and shall issue
15 a supplemental order vacating the penalty for Respondents' full cooperation and timely
16 compliance with this Order.

17 IT IS FURTHER AGREED that Respondents have approximately four remaining
18 properties they wish to sell for which a borrower likely cannot obtain traditional financing or
19 for which traditional financing may not be possible. Respondents anticipate they will
20 originate and finance the loans for the properties.

21 IT IS FURTHER AGREED AND ORDERED that before closing on the sale of
22 each of the said properties, Respondents shall provide the Department with documentation
23 demonstrating the mortgage loan complies with the Alaska SAFE Act, including the
24 promissory note, deed of trust, and the buyer's information sheet supplying information to

1 demonstrate compliance with AS 06.60.015(b)(4)(G). The Department shall review the
2 documentation and determine compliance with the Alaska SAFE Act. Within five business
3 days, the Department shall notify Respondents of its compliance determination and identify
4 the actions necessary to be taken, if any, for compliance. The Department shall not take any
5 further action against Respondents for loans determined to be compliant or for which the
6 necessary actions have been taken to achieve compliance.

7 IT IS FURTHER AGREED that this Consent Order is intended to resolve this
8 matter as to Respondent and settles all pending matters identified by the Department and
9 arising out of the conduct alleged in this order. Nothing in this order constitutes an
10 admission or denial of the findings of fact and conclusions of law stated in this Order.

11 IT IS FURTHER AGREED that the Department has jurisdiction to enter this
12 Consent Order pursuant to the Alaska SAFE Act.

13 IT IS FURTHER AGREED that on or after May 1, 2025, upon notification and
14 service of the Order removing the suspended civil penalty of \$15,000.00 and closing with
15 prejudice the case against Respondents, the Office of Administrative Hearings (“OHA”) will
16 close the case with a Dismissal Order indicating the matter has been fully disposed of
17 through the full satisfaction settlement terms by the Parties. Respondents agree to waive
18 their right to a hearing and judicial review AS 44.62 et seq. (the Alaska Administrative
19 Procedure Act) only upon the Department’s full compliance with the terms of the settlement .
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IT IS SO ORDERED.

Julie Sande, Commissioner
Department of Commerce, Community,
and Economic Development

1/27/2025
Date

/s/ Robert H. Schmidt
Robert H. Schmidt, Director
Division of Banking and Securities

Consent to Entry of Order

I, Patricia Cornwall, acknowledge that I have read the foregoing Order and that I know and fully understand the Order contents; that I voluntarily and without any force or duress, consent to the entry of this Order; and that I am aware of the right to a hearing and judicial review in this matter. I agree to waive the same upon the parties compliance with the Order on or before May 1, 2025.

For purposes of this Order, I admit to the jurisdiction of the Department of Commerce, Community and Economic Development, Division of Banking and Securities (“Department”) and consent to entry of this Order by the Department as settlement of the issues contained in this Order.

I understand should the parties not settle the matter pursuant to the terms and conditions agreed upon, the Department reserves the right to take further actions to enforce this Order or to take appropriate action upon failure to correct violations of the Alaska SAFE Act, and I am entitled to a hearing and judicial review pursuant to AS 44.62 *et seq.*, the Alaska Administrative Procedure Act.

I understand that this Order is a public document.

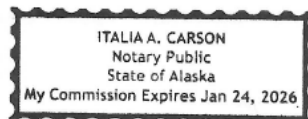
1/24/2025
Date

/s/ Patricia Cornwall
Respondent

SUBSCRIBED AND SWORN TO before me this 24th day of January, 2025.

NOTARY SEAL

/s/ Italia A. Carson
(Signature of Notary Public)
State of: Alaska
Commission Expires: January 24, 2026



STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF BANKING AND SECURITIES
550 WEST SEVENTH AVENUE, SUITE 1850
ANCHORAGE, ALASKA 99501
PHONE: (907) 269-8140

Consent to Entry of Order

I, David Cornwall, acknowledge that I have read the foregoing Order and that I know and fully understand the Order contents; that I voluntarily and without any force or duress, consent to the entry of this Order; and that I am aware of the right to a hearing and judicial review in this matter. I agree to waive the same upon the parties compliance with the Order on or before May 1, 2025.

For purposes of this Order, I admit to the jurisdiction of the Department of Commerce, Community and Economic Development, Division of Banking and Securities (“Department”) and consent to entry of this Order by the Department as settlement of the issues contained in this Order.

I understand should the parties not settle the matter pursuant to the terms and conditions agreed upon, the Department reserves the right to take further actions to enforce this Order or to take appropriate action upon failure to correct violations of the Alaska SAFE Act, and I am entitled to a hearing and judicial review pursuant to AS 44.62 *et seq.*, the Alaska Administrative Procedure Act.

I understand that this Order is a public document.

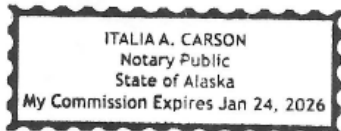
1/24/25
Date

/s/ David Cornwall
Respondent

SUBSCRIBED AND SWORN TO before me this 24th day of January, 2025.

NOTARY SEAL

/s/ Italia A. Carson
(Signature of Notary Public)
State of: Alaska
Commission Expires: January 24, 2026



STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF BANKING AND SECURITIES
550 WEST SEVENTH AVENUE, SUITE 1850
ANCHORAGE, ALASKA 99501
PHONE: (907) 269-8140

Consent to Entry of Order

I, David Cornwall, state that I am the President of Alaska Home Solutions and am authorized to act on its behalf. I acknowledge that I have read the foregoing Order and that I know and fully understand the Order contents; that I voluntarily and without any force or duress, consent to the entry of this Order; and that I am aware of the right to a hearing and judicial review in this matter. I agree to waive the same upon the parties compliance with the Order on or before May 1, 2025.

For purposes of this Order, I admit to the jurisdiction of the Department of Commerce, Community and Economic Development, Division of Banking and Securities (“Department”) and consent to entry of this Order by the Department as settlement of the issues contained in this Order.

I understand should the parties not settle the matter pursuant to the terms and conditions agreed upon, the Department reserves the right to take further actions to enforce this Order or to take appropriate action upon failure to correct violations of the Alaska SAFE Act, and I am entitled to a hearing and judicial review pursuant to AS 44.62 *et seq.*, the Alaska Administrative Procedure Act.

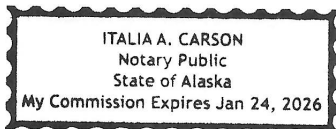
I understand that this Order is a public document.

1/24/25 /s/ David Cornwall
Date Respondent

SUBSCRIBED AND SWORN TO before me this 24th day of January, 2025.

NOTARY SEAL

/s/ Italia A. Carson
(Signature of Notary Public)
State of: Alaska
Commission Expires: January 24, 2026



STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF BANKING AND SECURITIES

In the Matter of:

DAVID L. CORNWALL,
PATRICIA A. CORNWALL, AND
ALASKA HOME SOLUTIONS, INC.,

Respondents.

ORDER NO: 18-91-C

AMENDED¹ NOTICE OF INTENT TO
ISSUE ORDER TO CEASE AND DESIST,
IMPOSE CIVIL PENALTIES, AND NOTICE
OF OPPORTUNITY TO REQUEST A
HEARING

The Director of the Department of Commerce, Community, and Economic Development, Division of Banking and Securities ("Department"), has conducted an investigation into certain activities of David L. Cornwall, Patricia A. Cornwall, and Alaska Home Solutions, Inc. (collectively "Respondents") and has determined that Respondents violated certain provisions of Alaska Statute (AS) 06.60 et seq. (the Alaska Secure and Fair Enforcement for Mortgage Licensing Act of 2010 ("Alaska SAFE Act")).

I. FINDINGS OF FACT

1. Respondent Alaska Home Solutions, Inc. ("Alaska Home Solutions") organized as an Alaska Corporation on July 14, 2005 (entity no. 95139), and maintains a principal address of 2515 Freeman Road, North Pole, AK 99705. The purpose of the business is to manage residential real estate for others, identified by its North American Industry Classification System code.

2. Respondent David L. Cornwall is a resident of North Pole, Alaska. Mr. Cornwall is Director, President, Shareholder, Secretary, Treasurer and 100% owner of Respondent

¹ This Amended Notice corrects typographical errors in Exhibit A.

1 Alaska Home Solutions.

2 3. Respondent Patricia A. Cornwall is a resident of North Pole, AK. Ms. Cornwall is
3 Vice President of Respondent Alaska Home Solutions. Ms. Cornwall is also the owner and
4 beneficiary of a self-directed Roth IRA account held at Equity Trust company ("Cornwall
5 Roth IRA") that was used to purchase and sell real estate properties.

6 4. Since at least 2009, Respondents collectively have sold and seller-financed at least
7 twenty-two residential properties. In at least 19 of these transactions, the mortgage loan
8 included a balloon payment. Balloon payments are additional payments larger than the
9 contracted monthly payment and require additional disclosures under federal law and are
10 prohibited with seller-financing under state law. Balloon payments are defined as negative
11 amortization in 3 AAC 14.990(c) and are prohibited under AS 06.60.015(b)(4)(F). Balloon
12 payments provide significant risk to borrowers and may cause a borrower into foreclosure if
13 they are unable to make the balloon payment or refinance the loan. The details of the known
14 transactions since 2009 are attached as Exhibit A.

15 5. On August 10, 2018, Respondents David and Patricia Cornwall sold a single-family
16 residence in North Pole, AK. This property was seller-financed for a loan amount of
17 \$125,650 with 6.0% interest. Mr. and Ms. Cornwall offered and negotiated the terms of the
18 mortgage loan with the expectation of gain. Mr. and Ms. Cornwall did not determine if the
19 purchaser had a reasonable ability to repay the loan.

20 6. On July 28, 2021, Respondent Patricia Cornwall used the Cornwall Roth IRA
21 account to sell a single-family residence in Fairbanks, AK. This property was seller-
22 financed for a loan amount of \$153,000 with 7.0% interest. Ms. Cornwall offered or
23 negotiated the terms of the mortgage loan with the expectation of gain. Ms. Cornwall did
24 not determine if the purchaser had a reasonable ability to repay the loan.

1 1. Under AS 06.60.015(b)(4), a seller that self-finances a mortgage loan is exempt
2 from the mortgage loan originator licensing requirements if they meet certain qualifications.
3 The seller does not qualify for the exemption if the loan has a payment that results in
4 negative amortization under AS 06.60.015(b)(4)(F)(i). A loan results in negative
5 amortization if it includes balloon payments or final payments that are more than the
6 monthly payments, as defined in 3 AAC 14.990(c). The seller also does not qualify for the
7 exemption if the seller fails to determine that the purchaser has a reasonable ability to repay
8 the loan under AS 06.60.015(b)(4)(D).

9 2. On August 10, 2018, Respondents David and Patricia Cornwall qualified as
10 mortgage loan originators as defined by AS 06.60.990(24) and did not qualify for an
11 exemption under AS 06.60.015(b)(4). Mr. and Ms. Cornwall violated AS 06.60.012 by
12 operating as a mortgage loan originator without a license.

13 3. On July 28, 2021, Respondent Patricia Cornwall qualified as a mortgage loan
14 originator as defined by AS 06.60.990(24) and did not qualify for an exemption under AS
15 06.60.015(b)(4). Ms. Cornwall violated AS 06.60.012 by operating as a mortgage loan
16 originator without a license.

17 4. On August 3, 2021, Respondent Patricia Cornwall qualified as a mortgage loan
18 originator as defined by AS 06.60.990(24) and did not qualify for an exemption under AS
19 06.60.015(b)(4). Ms. Cornwall violated AS 06.60.012 by operating as a mortgage loan
20 originator without a license.

21 5. On November 14, 2022, Respondent Alaska Home Solutions qualified as a
22 mortgage lender as defined by AS 06.60.990(20). Alaska Home Solutions violated AS
23 06.60.010 by operating as a mortgage lender without a license.

24 6. On November 14, 2022, Respondent David Cornwall qualified as a mortgage loan

1 originator as defined by AS 06.60.990(24) and did not qualify for an exemption under AS
2 06.60.015(b)(4). Mr. Cornwall violated AS 06.60.012 by operating as a mortgage loan
3 originator without a license.

4 7. Respondents are subject to a civil penalty under AS 06.60.420 for violating AS
5 06.60.010 and AS 06.60.012.

6 8. Under AS 06.60.420(a), a person who violates a provision of this chapter, a
7 regulation adopted or an order issued under this chapter, is liable for a civil penalty not to
8 exceed \$10,000 for each violation.

9 III. ORDER AND NOTICE

10 Pursuant to the Alaska SAFE Act and on the basis of the Findings of Fact and Conclusions
11 of Law, the Department ORDERS:

12 1. Respondents to comply with all provisions of the Alaska SAFE Act and associated
13 regulations.

14 2. Respondent Alaska Home Solutions to temporary CEASE AND DESIST from seller-
15 financing residential properties without mortgage lender license.

16 3. Pursuant to AS 06.60.420 and based upon the Findings of Fact and Conclusions of
17 Law, the Department intends to order civil penalties totaling \$50,000. Respondents David
18 and Patrica Cornwall to pay a civil penalty in the amount of \$10,000 to the State of Alaska
19 for originating one (1) seller-financed mortgage loan. Respondent David Cornwall to pay a
20 civil penalty in the amount of \$10,000 to the State of Alaska for originating one (1) seller-
21 financed mortgage loan. Respondent Patricia Cornwall to pay a civil penalty in the amount
22 of \$20,000 to the State of Alaska for originating one (2) seller-financed mortgage loan.

23 Respondent Alaska Home Solutions to pay a civil penalty in the amount of \$10,000 to the
24 State of Alaska for financing one (1) mortgage loan. The maximum civil penalty was

1 applied due to the Respondents' lack of cooperation during the investigation, failure to
2 respond to the Department, and violations of law identified.

3 4. Respondents are hereby notified that the foregoing Notice will result in the
4 Department presenting and requesting a final order consistent with the above unless
5 Respondents timely submit a request for a hearing under AS 06.60.400(a). Such request for
6 hearing must be in writing and submitted to the Department within ten (10) days after the
7 service of this Notice. If Respondents timely request a hearing, the Department will notify
8 the Respondents of the date, time and place of the hearing, as well as the name and contact
9 information of the presiding hearing officer.

10 Any hearing and subsequent proceedings in this matter will be conducted under the
11 Alaska Secure and Fair Enforcement for Mortgage Licensing Act of 2010 (AS 06.60 *et seq*)
12 and associated regulations and the Alaska Administrative Procedures Act (AS 44.64 *et seq*)
13 and associated regulations.

14
15 Julie Sande, Commissioner
16 Department of Commerce, Community,
and Economic Development

17 June 7, 2024
18 Date

/s/ Robert H. Schmidt
19 Robert H. Schmidt, Director
20 Division of Banking and Securities
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Exhibit A

Legal Address	Borrower Initials	Seller Name	Date of Deed of Trust	Loan Amount	Balloon Payment Amount and Due Date
1088 Wojo Ave, North Pole, AK	CA/DA	David Cornwall	1/19/2009	\$ 85,000	
1006 27 th St, Fairbanks, AK	RC/LC	David & Patricia Cornwall	3/18/2009	\$ 201,500	\$4,000 on 6/1/2009 & 8/1/2009
1012 Joyce Dr, Fairbanks, AK	JJ/SJ	David & Patricia Cornwall	6/22/2009	\$ 256,000	\$254,271.84 on 7/1/2012
144 Craig Ave, Fairbanks, AK	TJ/BJ	David & Patricia Cornwall	8/11/2009	\$ 234,000	\$228,893.20 on 9/1/2016
888 Rollage Rd, North Pole, AK	DH/TT	David & Patricia Cornwall	10/24/2009	\$ 125,900	\$125,640.07 on 11/1/2012
836 Cloud Rd, North Pole, AK	RG/SG	David & Patricia Cornwall	11/20/2009	\$ 242,000	\$240,136.46 on 12/1/2014
1484 Davison St, North Pole, AK	SH/CC	David & Patricia Cornwall	3/6/2010	\$ 215,109	\$216,863.69 on 2/1/2012
144 Craig Ave, Fairbanks, AK	RC/LC	David & Patricia Cornwall	9/24/2010	\$ 215,900	\$211,520.50 on 10/1/2015
1018 22 nd Ave, Fairbanks, AK & 1446 Davidson St, North Pole, AK	GC	David & Patricia Cornwall	5/4/2011 ²	\$ 229,000	\$222,344.78 on 6/1/2016 ³
415 Craig Ave, Fairbanks, AK	LD	David & Patricia Cornwall	8/1/2012	\$ 55,000	\$17,717.45 on 8/1/2022
1484 Davison St, North Pole, AK	RL	David & Patricia Cornwall	6/13/2013	\$ 178,000	\$46,679.98 on 7/1/2043
1088 Wojo Ave, North Pole, AK	AB/AB	David Cornwall	6/15/2013	\$ 62,000	\$2,459.16 on 7/1/2023
1555 Noble St, Fairbanks, AK	TC	Patricia Cornwall	12/4/2013	\$ 64,250	\$1,528.67 on 12/1/2023
1016 22 nd Ave, Fairbanks, AK	LV/FG	David & Patricia Cornwall	5/9/2014	\$ 169,000	\$17,866.67 on 6/1/2044
1006 27 th St, Fairbanks, AK	HF/EB	David & Patricia Cornwall	12/12/2014	\$ 206,880	\$9,880 on 5/1/2015 & \$178,268.88 on 12/1/2021
2586 Diamond St, North Pole, AK	DSL T	David & Patricia Cornwall	9/19/2015	\$ 150,000	\$144,568.47 on 10/1/2020
415 Craig Ave, Fairbanks, AK	AASI	David & Patricia Cornwall	6/16/2017	\$141,880.76	\$2,193.63 on 6/1/2037

² Corrected date.
³ Corrected amount and date.

STATE OF ALASKA
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550 WEST SEVENTH AVENUE, SUITE 1850
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1016 22 nd Ave, Fairbanks, AK	AASI	David & Patricia Cornwall	6/16/2017	\$193,473.76	\$2,991.30 on 6/1/2037
888 Rollage Rd, North Pole, AK	JLC/JCJ	David and Patricia Cornwall	8/10/2018	\$ 125,650	
1433 Noble St, Fairbanks, AK	AS	Cornwall Roth IRA	7/28/2021	\$ 153,000	
112 21st Ave, Fairbanks, AK	TAG	Cornwall Roth IRA	8/3/2021	\$ 75,100	\$3,704.46 on 8/1/2036
2014 Carr Ave, Fairbanks, AK	HDM	Alaska Home Solutions	11/14/2022	\$ 330,000	\$15,000 on 7/1/2023