

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 21<sup>st</sup> 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 21<sup>st</sup> 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*

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- 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.

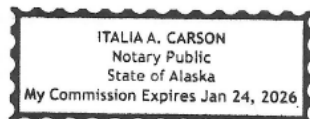
1/24/2025  
Date

/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.

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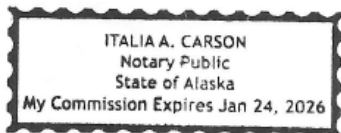
1/24/25  
Date

/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  
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

