

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 Patrica 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

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

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	DSLTL	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.

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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