COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
OFFICE OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2007-AH-103

OFFICE OF FINANCIAL INSTITUTIONS — COMPLAINANT

vs.

FINAL ORDER
REVOKING EXEMPTION

AMERICAN FINANCIAL FREEDOM, INC. — RESPONDENT
7413 SQUIRE CT., SUITE 108
WEST CHESTER OH 45069

Statement of Facts

On March 2, 2007, the Office of Financial Institutions ("OFI") filed an administrative complaint against the respondent seeking to revoke the exemption claimed under KRS 286.8-020(4). The OFI had approved the statutory exemption based on the fact that the Respondent claimed to be funding or brokering Federal Housing Administration ("FHA") loans and was regulated by the United States Department of Housing and Urban Development ("HUD").

Effective July 12, 2006, entities claiming said HUD exemption were required to fund or broker a minimum of twelve (12) FHA-insured loans on Kentucky properties each year in order to maintain their exemption. These entities were further required to provide a list of funded or brokered FHA-insured loans for the previous calendar year to the executive director by January 15. Respondent never filed the list.

The administrative complaint was served on the Respondent via United States Post Office certified mail to the last known address provided by the Respondent to the

OFI. The Respondent failed to respond to the complaint, and therefore no hearing was requested in this matter.

Statutory Authority

1. Pursuant to KRS 286.8-020(2)(a), mortgage loan companies or mortgage loan brokers regulated by HUD in Kentucky are exempt from the licensing requirements of Chapter 294.

2. Pursuant to KRS 286.8-020(3), it is the duty of the executive director of the OFI to determine whether a mortgage loan company or mortgage loan broker qualifies for the HUD exemption.

3. Pursuant to KRS 286.8-020(4), an entity relying on a HUD exemption is required to fund or broker twelve (12) FHA-insured loans in a calendar year.

4. Pursuant to KRS 286.8-020(8), an entity relying on a HUD exemption is required to file with the executive director a list of funded or brokered FHA-insured loans by January 15 for the previous calendar year.

5. Pursuant to KRS 286.8-030(1)(a), to conduct business in Kentucky, a mortgage loan company must apply and be approved for a license in Kentucky if it does not qualify for an exemption.

Conclusions

Based upon the foregoing, the executive director has determined as follows:

1. Respondent was granted an exemption from the licensing requirements of KRS 286.8-030(1)(a).

2. Respondent's exemption under KRS 286.8-020(2)(a) was based on the fact that it was regulated by HUD in Kentucky.

3. Respondent failed to provide its list of twelve (12) funded or brokered FHA-insured loans by January 15 as required by KRS 286.8-020(8).

4. Respondent is no longer eligible for a license exemption under KRS 286.8-020(2)(a).

5. Respondent must apply for a license as a mortgage loan company, pursuant to KRS 286.8-030(1)(a), should it decide to continue doing business as a mortgage loan company in Kentucky.

Order

THEREFORE, based upon the foregoing statement of facts/allegations, statutory authority, and conclusions, the executive director **HEREBY ORDERS** as follows:

1. That the exemption held by the Respondent under KRS 286.8-020(2)(a) is **REVOKED**;

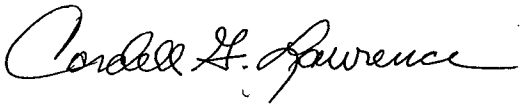
2. That the Respondent is required to apply for a license as a mortgage loan company, as required by KRS 286.8-030(1)(a), or an exemption from said statute, as applicable, should it decide to continue to do business as a mortgage loan company in Kentucky.

This **ORDER** shall become effective upon receipt.

Notice of Appeal Rights

Pursuant to KRS 286.8-210, you are hereby notified that you have the right to appeal this Final Order of the Executive Director. If you choose to appeal, you must file a written Notice of Appeal with the Franklin Circuit Court within sixty (60) days after entry of this Order.

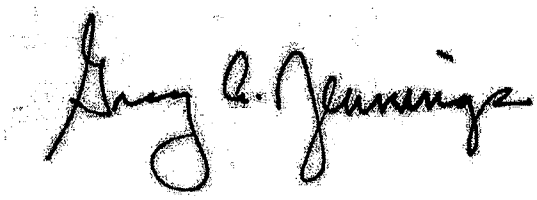
IT IS SO ORDERED on this the 13th day of April, 2007



Cordell G. Lawrence
Executive Director
Office of Financial Institutions
1025 Capital Center Drive, Ste. 200
Frankfort, Kentucky 40601

Certificate of Service

I, Greg A. Jennings, hereby certify that a copy of the foregoing Final Order Revoking Exemption was sent on this the 13th day of April, 2007, by certified mail, return receipt requested, to the listed address on the front of this Final Order.



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