COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2011-AH-0133

DEPARTMENT OF FINANCIAL INSTITUTIONS COMPLAINANT

v.

DAVID KARMANN RESPONDENT

FINAL ORDER DENYING APPLICATION FOR MORTGAGE LOAN ORGINATOR REGISTRATION

* * * * * * * * * * *

The Commissioner of the Department of Financial Institutions ("DFI") hereby enters this **Final Order Denying Application for Mortgage Loan Originator Registration** of David Karmann ("Respondent").

STATEMENTS OF FACT

1. DFI is the agency of Kentucky state government charged with administrating the provisions of KRS Chapter 286.8, and 808 KAR Chapter 12.

2. The Respondent has applied for a certificate of registration as a loan originator, pursuant to KRS 286.8-255.

3. During the course of reviewing Respondent's application information, DFI determined that Respondent did not demonstrate sufficient financial responsibility to ensure compliance with the registration requirements of KRS 286.8-255(9)(c) and 808 KAR 12:021 §5.

4. On July 27, 2011, the Commissioner issued an Order Denying Application for Mortgage Loan Originator Registration to the Respondent. The Order was sent certified mail, return receipt requested to the Respondent's last known address at 704 N. Walnut, San Dimas,

CA 91773. This was the address supplied by the Respondent during the application process as his mailing address.

5. The Order informed the Respondent that he had twenty (20) days to appeal the application denial. The Order Denying Application for Mortgage Loan Originator Registration was signed for by Respondent and the return receipt was returned to DFI on August 13, 2011.

6. More than twenty (20) days has passed and the Respondent has failed to request a hearing in this matter.

STATUTORY AUTHORITY

7. No person shall transact business in Kentucky as a mortgage loan originator, or mortgage loan processor unless that person is registered with DFI and complies with all the applicable requirements of KRS Chapter 286.8. *See* KRS 286.8-255(1); *See Also* KRS 286.8-030(1)(c).

8. Pursuant to KRS 286.8-044(1), "Notice of entry of any order of suspension or denial of a license, registration, or claim of exemption to any applicant, registrant, or licensee shall be given in writing and served personally or sent by certified mail to the last known address of the person affected. The affected person, upon timely written request to the executive director, shall be entitled to a hearing in accordance with the provisions of KRS Chapter 13B; but if no written request is received within twenty (20) days of service of the notice, the executive director shall enter a final order suspending or denying the license or registration."

9. KRS 286.8-255(9)(c) prohibits a certificate of registration from being granted to a loan originator unless the applicant, "...has demonstrated financial responsibility, character, and general fitness such as to command the confidence of the community and to warrant a determination that the loan originator or loan processor will operate honestly, fairly, lawfully, and efficiently within the purposes of the subtitle." *See Also* 808 KAR 12:021 §5.

10. In addition, KRS 286.8-090(1) states that DFI may deny a registration if the applicant:

> (a) Does not meet, no longer meets, or has failed to comply with the requirements of this subtitle;

11. Pursuant to KRS 286.8-044(3):

> Service by certified mail shall be complete upon the earlier of the following:
> (a) The date on which the person receives the mail;
> (b) The date on which the agency receives the return receipt; or
> (c) The date on which the agency receives notice that the mail has been returned undelivered.

CONCLUSIONS OF LAW

12. Respondent has not demonstrated financial responsibility, character, and general fitness such as to command the confidence of the community and to warrant a determination that he will operate honestly, fairly, lawfully, and efficiently within the purposes of the Act, pursuant to KRS 286.255(9)(c) and 808 KAR 12:021 §5.

13. In addition, the Respondent has not met the requirements of KRS Chapter 286.8. Therefore, his application for mortgage loan originator must be denied. *See* KRS 286.8-090(1)(a).

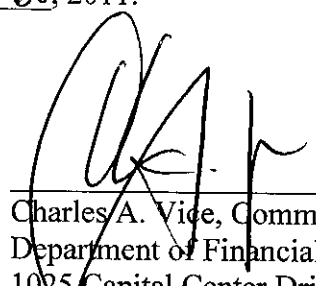
14. The Order Denying Application for Mortgage Loan Originator was sent to Respondent's last known address and service is complete, pursuant to KRS 286.8-044.

15. More than twenty (20) days has passed and Respondent has not requested a hearing. Therefore, a Final Order must be issued in this matter.

ORDER

Based on the Findings of Fact, Statutory Authority, and Conclusions of Law set forth above, the Commissioner **ORDERS** that the application of Respondent David Karmann for a certificate of registration as a mortgage loan originator is **DENIED**.

Executed on the 2nd day of September, 2011.



Charles A. Vice, Commissioner
Department of Financial Institutions
1025 Capital Center Drive, Suite 200
Frankfort, 40601

This is a **FINAL AND APPEALABLE ORDER**. This Final Order shall become effective upon completion of service as set forth in KRS 286.8-044.

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 Commissioner. If you chose to appeal, you must file a written Notice of Appeal with the Franklin Circuit Court within sixty (60) days after completion of service of this Final Order. A copy of any Appeal Petition must also be served on the Commissioner.

Certificate of Service

I hereby certify that a copy of the foregoing **Final Order Denying Application for Mortgage Loan Originator Registration** was sent by certified mail to, return receipt requested, on this the 6th day of September, 2011 to:

David Karmann
704 N. Walnut
San Dimas, CA 91773

Stephanie Dawson
Stephanie Dawson
Department of Financial Institutions