

**COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2012-AH-017**

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

v.

ALACRITY LENDING COMPANY

RESPONDENT

FINAL ORDER

* * * * *

The Commissioner of the Department of Financial Institutions (“DFI”) hereby enters this **Final Order** directing Alacrity Lending Company (“Respondent” or “Alacrity” or “Respondent”) to pay a fine of Two Thousand Dollars (\$11,500.00), for transacting residential mortgage loan business in Kentucky with unregistered mortgage loan processors in violation of KRS 286.8-030(1)(d) and for failing to notify DFI upon changing its address or ceasing operations in violation of KRS 286.8-032(8)(b).

STATEMENT OF FACTS

1. Petitioner, the Department of Financial Institutions (“DFI”) is responsible for regulating and licensing mortgage loan companies and mortgage loan brokers in accordance with the provisions of KRS Chapter 286.8, the Mortgage Loan Company and Mortgage Loan Broker Act (“the “Act”).

2. Respondent is or was formerly licensed and engaged as a mortgage loan company originating and processing residential mortgage loan applications from applicants in several

states, including Kentucky (Mortgage Company License # MC22480). Respondent exclusively finances or financed manufactured homes and funded the loans with monies borrowed on its warehouse lines of credit, and then sold those loans on the secondary market. It maintained its principal offices at 2535 E. Southlake Boulevard, Suite 100, Southlake, Texas 76092. The current status of its mortgage company license in Kentucky is listed as “closed/expired” according to DFI’s computerized records system.

3. Respondent has originated at least seven mortgage loans that were subsequently closed against Kentucky properties. The DFI performed an off-site examination, pursuant to its authority under KRS 286.8-170, which focused upon a review of those closed loan files to determine the level of compliance with applicable laws and regulations.

4. On the basis of that examination, it appears that Alacrity Lending Company originated numerous loans with Kentucky borrowers through three unregistered loan officers in violation of KRS 286.8-030, -090, and -255(1). Unregistered loan officers, Lauren Reames, Kristy Lindley, and Suzy Brantley were not registered with the department yet originated loans with Kentucky borrowers. Lindley originated or processed at least five loans in Kentucky without being registered to do so.

5. The DFI has previously notified Respondent in writing and detail regarding the aforesaid violations discovered upon its examination. Respondent did not respond to the examination letter and failed to renew its license in Kentucky. The Nationwide Mortgage Licensing System and Registry (“NMLS”) lists Respondent’s current business address as 25 Highland Park Village, Suite 100-283, Dallas, Texas 75205.

6. On February 17, 2012, DFI filed an Administrative Complaint (“Complaint”) against Respondent seeking an order to impose a fine or civil penalty for the statutory violations referenced above.

7. The Complaint was sent to Respondent via certified mail, return receipt requested to Alacrity Lending Company, Steve Holmes, President, 25 Highland Park Village, Suite 100-283, Dallas, Texas 75205, and service was received by Respondent on February 22, 2012.

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

STATUTORY AUTHORITY

1. Pursuant to KRS 286.8-046, the Commissioner may levy a civil penalty against any person who violates any provision of or administrative regulation promulgated under KRS Chapter 286.8. The civil penalty shall not be less than one thousand dollars (\$1,000) nor more than twenty-five thousand dollars (\$25,000) per violation.

2. Pursuant to KRS 286.8-044, the Commissioner may file an administrative complaint against any person if it appears on grounds satisfactory to the Commissioner that a potential or actual violation of the Act has been committed and when the person may be subject to the penalties of KRS 286.8-046.

3. Pursuant to KRS 286.8-030(1)(d), it is unlawful for any mortgage loan company or mortgage loan broker to employ or use, with or without compensation, a mortgage loan originator or a mortgage loan processor if the mortgage loan originator or loan processor is not registered in accordance with KRS 286.8-255.

4. Pursuant to KRS 286.8-255(1), no natural person shall transact business in Kentucky, either directly or indirectly, as a mortgage loan originator or mortgage loan processor unless such mortgage loan originator or processor is registered with the DFI and has been issued a current certificate of registration by DFI complies with all applicable requirements of KRS Chapter 286.8 and maintains a valid identifier issued by the NMLS Registry.

CONCLUSIONS

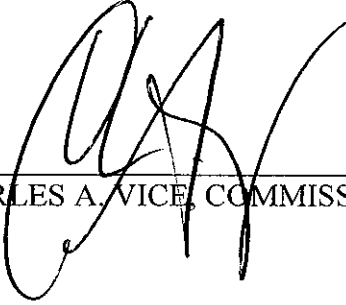
1. The Respondent violated KRS Chapter 286.8-030(1)(d) by employing or using unregistered loan originators and/or processors in connection with residential mortgage loans in Kentucky as set forth above, and Respondent is subject to a fine or civil penalty for these violations.
2. The Respondent was properly served with a copy of the Complaint by certified mail/return receipt requested pursuant to KRS 286.8-044(2) on February 22, 2012.
3. The Respondent has failed to respond to the Complaint or request a hearing within twenty (20) days of service. Thus, the Respondent's right to a hearing was waived in this matter.

ORDER

THEREFORE, based upon the foregoing statement of facts, statutory authority, and conclusions, the Commissioner **HEREBY ORDERS** that:

- a. The Respondent pay a civil penalty in the amount of ELEVEN THOUSAND FIVE HUNDRED DOLLARS (\$11,500.00) for violations of the Act;
- b. 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, KRS 13B.120, and KRS 13B.050.

IT IS SO ORDERED on this the 29th day of March, 2012.



CHARLES A. VICE, COMMISSIONER

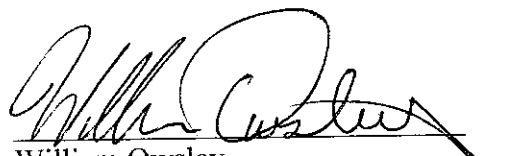
NOTICE OF APPEAL RIGHTS

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 entry 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** was sent by certified mail to, return receipt requested, on this the 29th day of March, 2012 to:

Alacrity Lending Company Steve Holmes, President 25 Highland Park Village, Suite 100-283 Dallas, TX 75205	


William Owsley
Counsel