

**COMMONWEALTH OF KENTUCKY  
PUBLIC PROTECTION CABINET  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
AGENCY CASE NO. 2011-AH-0200**

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

v.

ALLIED HOME MORTGAGE CORPORATION

RESPONDENT

**FINAL CEASE AND DESIST ORDER  
PERMITTING SURRENDER OF  
MORTGAGE LOAN COMPANY LICENSE**

\* \* \* \* \*

Comes now the Commonwealth of Kentucky, by and through the Commissioner of the Department of Financial Institutions (“DFI”), and hereby enters this Final Cease and Desist Order, pursuant to KRS Chapter 286.8, concerning the mortgage loan company license of the Respondent, Allied Home Mortgage Corporation (“Respondent”):

**FINDINGS OF FACT**

1. The DFI is responsible for regulating and licensing mortgage loan companies, brokers, originators and processors in accordance with the provisions of KRS Chapter 286.8, the Mortgage Licensing and Regulation Act (“the Act”).
2. Respondent is currently registered as a mortgage loan company pursuant to the Act. Respondent’s last known address is 6110 Pinemont Drive, Houston, Texas 77092. Respondent’s Kentucky license number is MC71898, and its Nationwide Mortgage Licensing System and Registry number is 2268.
3. On or about February 15, 2010, The Guarantee Company of North America USA (“Guarantee”) executed a Surety bond in the amount of two hundred and fifty

thousand dollars (\$250,000.00) on behalf of Respondent and in favor of the DFI, pursuant to Respondent's licensing obligations under the Act.

4. On November 7, 2011, the DFI received a written Cancellation Notice from Guarantee dated November 2, 2011, advising that said Surety bond had been cancelled and would expire effective December 7, 2011.

5. On November 8, 2011, the DFI sent a letter via first class mail to Respondent's last known address advising that Respondent must deliver to the DFI a notice of either reinstatement of said bond or of issuance of a new bond by December 8, 2011, and advising that failure to do so will result in the suspension or revocation of its license.

6. On December 5, 2011, the DFI received a letter from Respondent dated December 1, 2011 advising of several suspensions, cease and desist orders and/or other adverse actions pending against it in numerous states as well as the U.S. Department of Housing and Urban Development's suspension of Respondent's FHA lending privileges. However, Respondent failed to address the cancellation of its Surety bond and failed to deliver to the DFI a notice of either reinstatement of said bond or of issuance of a new bond.

7. Respondent's Surety bond has been terminated and is no longer in effect.

8. On December 14, 2011, the Commissioner entered an Emergency Order Suspending Mortgage Loan Company License and to Cease and Desist ("Order") against Respondent. The Order was immediately effective, and served upon Respondent by certified mail, return receipt requested, to its last known address, as well as by electronic mail to Respondent's Licensing Manager.

9. On December 14, 2011, Respondent's Licensing Manager advised the DFI in writing by electronic mail that Respondent is unable to reinstate its Surety bond, and further requested to surrender its Kentucky license.

10. On December 16, 2011, the DFI advised Respondent that it will permit the surrender of its license provided that appropriate measures are taken to safeguard the servicing of any existing and/or pending Kentucky loans; to that end, the DFI directed Respondent to produce reports to the DFI disclosing any such loans.

11. On December 20, 2011, Respondent produced to the DFI the reports it requested, disclosed all Kentucky loans still being serviced by Respondent, and represented to the DFI that all other pending loans have already been closed, cancelled or withdrawn.

12. On December 27, 2011, the DFI received a delivery receipt confirming that the Order was delivered to and signed for on behalf of Respondent.

13. Over twenty (20) days have expired since the Order was served upon Respondent, and Respondent has not filed any request for a hearing in this matter.

#### **STATUTORY AUTHORITY**

1. Pursuant to KRS 286.8-060(1), "each mortgage loan company, mortgage loan broker, and mortgage loan originator shall post or be covered by a surety bond for the entire licensure or registration period in an amount prescribed by the executive director, but in no event shall the bond be less than two hundred and fifty dollars (\$250,000) for mortgage loan companies and fifty thousand dollars (\$50,000) for mortgage loan brokers."

2. Pursuant to KRS 286.8-090(1), "The executive director may suspend; revoke; place on probation; condition; refuse to issue or renew a license, registration or

exemption; or accept surrender of a license, registration, or exemption in lieu of revocation or suspension; or issue a cease and desist order if the executive director finds that the person, applicant, licensee, or registrant:

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

(l) Has had any license, registration, or claim of exemption related to the financial services industry denied, suspended, or revoked under the laws of this state or any other state of the United States, or has surrendered or terminated any license, registration, or claim of exemption issued by this state or any other jurisdiction under threat of administrative action; ...or

(v) Has violated any provision of this subtitle, administrative regulation promulgated hereunder, or order issued by the executive director.

3. Pursuant to KRS 286.8-048(1), “The executive director may enter an emergency order suspending, limiting, or restricting the license, claim of exemption, or registration of any mortgage loan broker, mortgage loan company, mortgage loan originator, or mortgage loan processor without notice or hearing if it appears upon grounds satisfactory to the executive director that mortgage loan broker, mortgage loan company, mortgage loan originator, or mortgage loan processor has engaged or is engaging in unsafe, unsound, and illegal practices that pose an imminent threat to the public interest.”

4. Pursuant to KRS 286.8-048(2), “One (1) or more of the following circumstances shall be considered sufficient grounds for an emergency order under this section if it appears on grounds satisfactory to the executive director that: ...

(c) The mortgage loan broker, mortgage loan company, mortgage loan originator, or mortgage loan processor...is the subject of an administrative cease-and-desist order or similar order, or of a permanent or temporary injunction

currently in effect entered by any court or agency of competent jurisdiction; ...

(f) The loan broker, mortgage loan company, mortgage loan originator, or mortgage loan processor has had any license, registration, or claim of exemption related to the financial services industry denied, suspended or revoked under the laws of this state or any other state of the United States..."; ...

(g) The surety bond required under KRS 286.8-060 has terminated, expired, or no longer remains in effect."

5. Pursuant to KRS 286.8-048(3), "An emergency order issued under this section becomes effective when signed by the executive director. The emergency order shall be delivered by personal delivery or certified mail to the last known address of the party or parties. The order shall be deemed served upon delivery or upon return of the order."

6. Pursuant to KRS 286.8-048(4), "A party aggrieved by an emergency order issued by the executive director under this section may request an emergency hearing. The request for hearing shall be filed with the executive director within twenty (20) days of service of the emergency order."

7. 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."

8. 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.

9. Pursuant to KRS 286.8-090(3), "The executive director shall execute a written order whenever a license, registration, or claim of exemption issued pursuant to this subtitle is suspended or revoked....The written order shall be deemed to have been received by the licensee, registrant, or person claiming the exemption three (3) business days following the mailing thereof."

### CONCLUSIONS

1. Respondent does not meet, no longer meets, and has failed to comply with the requirements of the Act.
2. Respondent has failed to post or be covered by a surety bond for the entire licensure period in an amount prescribed by the Act
3. Respondent's surety bond required under KRS 286.8-060 has terminated, expired, and no longer remains in effect.
4. Respondent is the subject of administrative cease-and-desist orders or similar orders issued by agencies of competent jurisdiction over Respondent.
5. Respondent has had its licenses related to the financial services industry suspended under the laws of other states of the United States.
6. Respondent has therefore engaged or is engaging in unsafe, unsound, and illegal practices that pose an imminent threat to the public interest.

## ORDER

Based on the findings of fact, statutory authority, and conclusions set forth above, the Commissioner hereby **ORDERS** as follows:

1. Respondent shall be permitted to surrender, and shall surrender, its mortgage loan company license effective upon the entry of this Final Order;
2. Except as otherwise provided herein, Respondent and any and all officers, directors, managers, employees, independent contractors, or agents operating on its behalf, as well as any successors or assigns, shall immediately **CEASE AND DESIST** from any and all mortgage loan activities as defined by the Act with respect to Kentucky borrowers and/or properties, which limitation shall include the solicitation, advertisement, or accepting of such activities, either directly or indirectly;
3. Respondent shall, within forty (40) days from the date of entry of this Final Order, transfer and otherwise place with other suitable licensed lenders all remaining mortgage loans relative to Kentucky consumers and residential property, whether such be loans be owned and/or serviced by Respondent or by any other person or entity on its behalf. Within ten (10) days from the date of entry of this Final Order, Respondent shall provide to the DFI a written report proving its ongoing compliance with this paragraph, and shall provide updated reports every ten (10) days thereafter as necessary until all such loans are fully transferred and placed. All such reports shall be directed to counsel for the DFI;
4. Respondent shall immediately provide a Servicing Report for all loans serviced by Respondent or any sub-servicer thereof, and the Servicing Report shall include the following information:
  - a. the name, address and telephone number of the borrower;

- b. the loan number;
- c. the amount of each loan;
- c. the status of the loan;
- d. the name and address of the servicer, if other than Respondent, and its relationship to Respondent; and
- e. any escrow account held by Respondent for the benefit of any borrower (e.g., name of the financial institution, account number, balance, and transaction history).

This Servicing Report shall be updated every Monday at 9:00 a.m. EST and shall be sent to counsel for the DFI. Respondent shall continue to update the Servicing Report until all of the loans have been funded, placed with another broker or lender, or withdrawn by the applicant;

5. In placing a loan with another lender and/or servicer, Respondent shall ensure that the consumer is in the same position with the new lender or servicer as the consumer would have been if the loan had remained with Respondent, including customers with a rate-lock. Respondent shall be responsible to the consumer for any difference or financial loss suffered by the consumer;

6. Respondent shall immediately cease and desist from commencing or proceeding with any foreclosure proceedings relative to any Kentucky real property;

7. Respondent shall release any liens filed on any Kentucky real property or filed on property owned by Kentucky consumers as a result of a residential mortgage loan closing with Respondent but not being funded;

8. Respondent shall maintain all required records at its Corporate Office, and allow the DFI free access to examine such records as required under the Act;



9. Respondent shall provide contact information for an employee of Respondent that the DFI may contact with questions as well as contact information for an employee of Respondent that consumers and mortgage brokers or lenders and/or servicers may contact with questions. This information shall be provided to N. Chris Thompson, Compliance Branch Manager, at ChrisN.Thompson@ky.gov;

10. Nothing in this Order shall prevent Respondent from selling or assigning residential mortgage loans to another entity, servicing mortgage loans not regulated by the DFI, or engaging in other activity not prohibited by the Act or this Order;

11. Within five (5) days of the issuance of this Order, Respondent shall submit to the DFI a balance sheet and year-to-date income statement, prepared as of the date of submission, and attested by a duly authorized officer of Respondent. This information shall be provided to N. Chris Thompson, Compliance Branch Manager, at ChrisN.Thompson@ky.gov;

12. Nothing in this Order shall prevent the DFI or any other authority from taking any further administrative or enforcement action under the Act or any other applicable law; and

13. This Final Order shall become effective upon receipt.

**IT IS SO ORDERED** on this the 13<sup>th</sup> day of February, 2012.

  
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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.

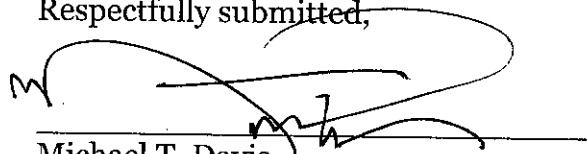
**Certificate of Service**

I hereby certify that a copy of the foregoing Final Order was sent by certified mail, return receipt requested, and via electronic mail, on this the 14<sup>th</sup> day of February, 2012 to:

Allied Home Mortgage Corporation  
Attn: Jim C. Hodge, President  
6110 Pinemont Drive  
Houston, Texas 77092  
*Respondent*

Allied Home Mortgage Corporation  
Attn: Shirley Haynes, Licensing Manager  
6110 Pinemont Drive, Suite 220  
Houston, Texas 77092  
shaynes@alliedhomenet.com  
*Respondent*

Respectfully submitted,



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*Counsel for Complainant*