

**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

**EMERGENCY ORDER SUSPENDING
MORTGAGE LOAN COMPANY LICENSE
AND TO CEASE AND DESIST**

* * * * *

Comes now the Commonwealth of Kentucky, by and through the Commissioner of the Department of Financial Institutions (“DFI”), and hereby enters this Emergency Order, pursuant to KRS Chapter 286.8, immediately suspending 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.

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.”

(d) 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.”

(e) 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.”

(f) 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.”

(g) 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.

(h) 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 **ORDERS** that the mortgage loan company license of Allied Home Mortgage Corporation is hereby **SUSPENDED**. Respondent shall immediately **CEASE AND DESIST** from transacting business in Kentucky as a mortgage loan company or otherwise in connection with the mortgage loan process. This Order shall remain in effect until rescinded by subsequent Order.

IT IS SO ORDERED on this the 14th day of December, 2011.



CHARLES A. VICE
COMMISSIONER

NOTICE OF RESPONDENT'S RIGHTS

1. The Commissioner of the Kentucky Department of Financial Institutions ("DFI") has entered an Order suspending your license.
2. You have the right to request an emergency hearing in this matter and have the right to be represented by legal counsel at all stages of these proceedings.
3. You are hereby notified that you must request a hearing with the DFI within twenty (20) days of service of this Order. If so requested, an administrative hearing shall be held pursuant to the provisions of KRS Chapter 13B.125. If a hearing request is not filed within twenty (20) days, the DFI shall seek a final order from the Commissioner suspending your license.

Certificate of Service

I hereby certify that a copy of the foregoing Final Order was sent by certified mail, return receipt requested, on this the 14th day of December, 2011 to:

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

Respectfully submitted,



Michael T. Davis
Counsel
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(502) 573-3390 Ext. 240
(502) 573-2183 (facsimile)