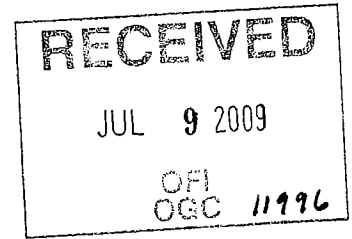


COMMONWEALTH OF KENTUCKY  
PUBLIC PROTECTION CABINET  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
AGENCY CASE NO. 2009-AH- 039



IN THE MATTER OF:  
AMERICAN MORTGAGE LENDERS OF KENTUCKY

**AGREED ORDER**

**BACKGROUND AND FACTUAL FINDINGS**

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

2. American Mortgage Lenders of Kentucky ("American") is approved and regulated by the U.S. Department of Housing and Urban Development to originate mortgage loans in Kentucky and is subject to all provisions of the Act but is exempt from the licensing and examination requirements of the Act unless the Department has satisfactory grounds to believe that an examination is necessary.

3. The Department conducted an examination of American's Lexington office because it had received a complaint that American was charging excessive fees. The examination revealed that from 2008 to the present, American had overcharged seventeen borrowers in violation of Kentucky law.

4. Following the examination, American conducted an examination of mortgage loan files in its London, Kentucky office and uncovered forty-three additional instances where it had charged excessive fees since 2008.

## **STATUTORY AUTHORITY**

5. Pursuant to KRS 286.8-125 it shall be unlawful for any licensee or person holding a claim of exemption to originate a loan secured by a mortgage on residential real property in Kentucky if the total net income generated by the licensee or person exceeds two thousand dollars (\$2,000) or four percent (4%) of the total loan amount, whichever is greater.

## **AGREEMENT AND ORDER**

The Department and American, in the interest of economically and efficiently resolving the violations described in the foregoing Background and Factual Findings, agree as follows:

1. American shall refund to borrowers the excess fees in the amount of sixteen thousand eight hundred and thirty three dollars and eighty cents (\$16,833.80) per the attached Exhibit A, as follows:

(a) American will pay the total sum in eight monthly installments of approximately two thousand dollars (\$2,000) beginning with the first installment, which shall be due within thirty days of the date this agreement is executed by the Commissioner.

(b) For the first installment, American shall begin with the first name on the list marked Exhibit A, and go sequentially down the list of borrowers adding up the refund due each borrower until the total amount of refunds equals \$2,000 or more. Each of the borrowers in that group will be issued a check in full payment of the amount owed to that borrower.

(c) Each installment thereafter shall consist of payments to the next group of borrowers in the same manner as to the first group, by taking the amount of refund owed to each borrower until the total amount of refunds equals or exceeds \$2,000. The final group of borrowers on the list shall be paid in full in the eighth and final installment.

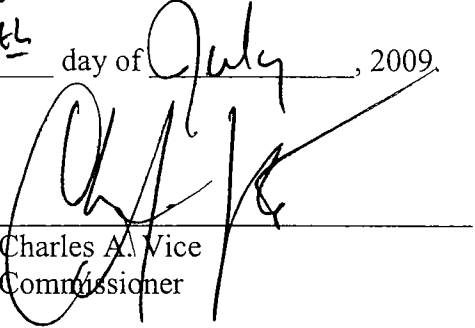
(c) Checks will be made out to the individual borrowers and sent to the Department of Financial Institutions, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601 c/o Pam Fitzgerald. The Department will record and mail the checks to the borrowers.

2. American agrees to be assessed a fine in the amount of two thousand five hundred dollars (\$2,500), which shall be suspended on the condition that all of the payments to the borrowers be made in a timely manner. If American violates or fails to comply with the terms of this Order, the Department shall reinstate the fine and American hereby agrees not to contest the propriety of the fine but does not waive its right to appeal whether a violation of the agreement has occurred. The fine shall be due and payable according to the Commissioner's final decision.

3. American waives its right to demand a hearing, at which it would be entitled to legal representation, to confront and cross examine witnesses for the Department, and to present evidence on its own behalf, or to otherwise appeal or set aside this Order. Further, American consents to and acknowledges the jurisdiction of the Department over this matter and that this Agreement is a matter of public record and may be disseminated as such.

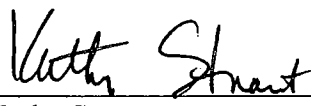
4. American agrees that the individual signing below on behalf of American is authorized to execute this Order and to legally bind American.

IT IS SO ORDERED on this the 9<sup>th</sup> day of July, 2009.

  
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Charles A. Vice  
Commissioner

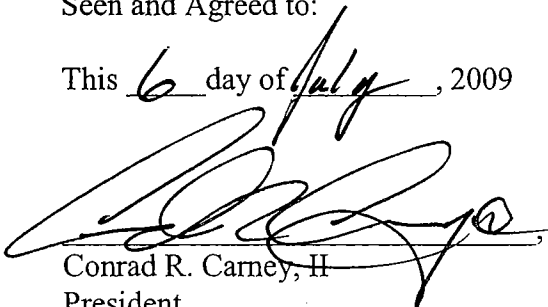
Seen and Agreed to:

This 15<sup>th</sup> day of June, 2009

  
\_\_\_\_\_  
Kathy Stewart  
Director Division of Financial Institutions  
Department of Financial Institutions

Seen and Agreed to:

This 6 day of July, 2009

  
\_\_\_\_\_  
Conrad R. Carney, II  
President  
American Mortgage Lenders of Kentucky