

**COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
ADMINISTRATIVE AGENCY ACTION NO. 2010-AH-028**

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

FINAL ORDER

BLACKHORSE MORTGAGE CORPORATION

RESPONDENT

I. STATEMENT OF FACTS

1. The Kentucky Department of Financial Institutions (“the DFI”) is responsible for regulating and licensing mortgage loan companies and mortgage loan brokers doing business in Kentucky in accordance with the provisions of KRS Chapter 286.8, the Mortgage Loan Company and Mortgage Loan Broker Act (the “Act”).
2. Blackhorse is an inactive Kentucky corporation in bad standing with the Kentucky Secretary of State with its principal place of business located at 10333 Linn Station Rd, Louisville, KY 40223.
3. On October 7, 2003, the DFI issued a HUD exemption license (ME7543) to Blackhorse for the purpose of engaging in the mortgage loan broker business in the Commonwealth of Kentucky. This license expired on December 31, 2009.
4. Pursuant to the Act, the DFI conducted an investigation of Blackhorse in 2009 to determine whether its activities were in compliance with applicable laws and regulations; whether its practices and policies had a potentially adverse impact on prospective borrowers; and whether its business was being operated efficiently, fairly, and in the public interest.

5. The DFI's investigation revealed that:
 - (a) Blackhorse employed and/or used forty-three (43) unregistered mortgage loan originators;
 - (b) Blackhorse charged borrowers excessive loan originator fees; and
 - (c) Blackhorse failed to maintain records regarding loan transactions after August 2008.

6. On April 28, 2010, the DFI filed an Administrative Complaint against Blackhorse seeking: (a) the imposition of \$234,500.00 in fines for the above violations of the Act, (b) an Order that Blackhorse pay restitution to all borrowers who were charged excessive loan originator fees, and (c) an Order for Blackhorse to pay the DFI's examination costs in the amount of \$10,857.00.

7. A copy of the Administrative Complaint was sent to Blackhorse's last known address by certified mail return receipt requested. The Administrative Complaint was returned to the DFI by the United States Post Office on May 3, 2010. Blackhorse has failed to respond to the Administrative Complaint.

STATUTORY AUTHORITY

8. Pursuant to KRS 286.030(1)(d), it is "unlawful for any mortgage loan company or mortgage loan broker to use a mortgage loan originator or a mortgage loan processor if the mortgage loan originator or mortgage loan processor is not registered in accordance with KRS 286.8-255 or otherwise exempted."

9. Pursuant to KRS 286.8-125(1), it is "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.”

10. Pursuant to KRS 286.8-160(1), “every mortgage loan company and mortgage loan broker shall make and keep such accounts, correspondence, memoranda, papers, books, data, and other records used in the mortgage lending process as the executive director prescribes, or that are required by federal law.”

11. Pursuant to KRS 286.8-046(1), the Executive Director may assess a fine of not less than one thousand dollars (\$1,000) nor more than twenty-five thousand dollars (\$25,000) per violation, “plus the state’s costs and expenses for the examination, investigation, and prosecution of the matter, including reasonable attorney’s fees and court costs” against any mortgage loan company or mortgage loan broker that violates any provision of the Act or accompanying regulations.

LEGAL CONCLUSIONS

12. Blackhorse violated KRS 286.030(1)(d) by employing and/or using forty-three (43) unregistered mortgage loan originators.

13. Blackhorse violated KRS 286.8-125(1) by charging borrowers excessive loan origination fees.

14. Blackhorse violated KRS 286.8-160(1) by failing to provide the DFI examiner with an accurate list of the loans it originated on Kentucky properties from January 1, 2006 through the date of the examination and by failing to maintain records on all its loans on Kentucky properties originated after August 2008.

ORDER

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

1. Respondent, Blackhorse Mortgage Corporation, shall pay a fine in the amount of two hundred thirty-four thousand five hundred dollars (\$234,500.00) for violations of the Act;

2. Respondent, Blackhorse Mortgage Corporation, shall pay restitution to all borrowers who were charged excessive loan originator fees; and

3. Respondent, Blackhorse Mortgage Corporation, shall pay the DFI's examination fees in the amount of ten thousand eight hundred fifty-seven dollars (\$10,857.00).

4. This is a **FINAL ORDER**.

This **ORDER** shall become effective upon completion of service as set forth in KRS 13B-050(2).

NOTICE OF APPEAL RIGHTS

Pursuant to KRS 13B.140, you are hereby notified that you have the right to appeal this Final Order of the Commissioner. If you choose to appeal, you must file a written Notice of Appeal with the Franklin Circuit Court within thirty (30) days after entry of this Order.

IT IS SO ORDERED on this the 24th day of June 2010.

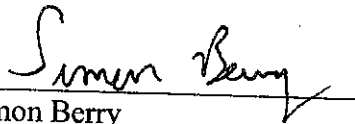


CHARLES A. VICE
COMMISSIONER

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 24th day of June, 2010, to the following:

L. Scott Clark
Registered Agent
Blackhorse Mortgage Corporation
10333 Linn Station Road
Louisville, KY 40223



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