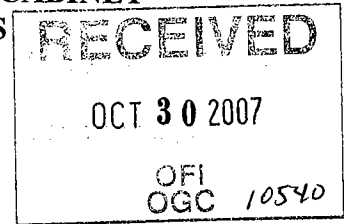


**COMMONWEALTH OF KENTUCKY  
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET  
OFFICE OF FINANCIAL INSTITUTIONS  
AGENCY CASE NO. 2007-AH-499**



IN THE MATTER OF:  
COMMONWEALTH MORTGAGE, LLC

**SETTLEMENT AGREEMENT**

**BACKGROUND AND FACTUAL FINDINGS**

1. Commonwealth Mortgage, LLC (“Commonwealth Mortgage”) is licensed with the Office of Financial Institutions (“OFI”) as a mortgage broker. Their principal location is at 207 Broadway, Suite 6, Paintsville, KY 41240.
2. On March 5, 2007, an examination was conducted into the condition, workings and affairs of the principal location in order to determine whether: (1) it was in compliance with applicable laws and regulations; (2) its practices and policies had an adverse impact on prospective borrowers; and (3) it was being operated efficiently, fairly, and in the public interest.
3. In the course of that examination it was discovered that Commonwealth Mortgage, LLC violated Chapter 286.8 of the Kentucky Revised Statutes by employing two unregistered loan officers and by committing the following violations: (1) use of an illegal employment arrangement; (2) failing to provide a proper KRS 286.8-270 disclosure; (3) supplying incomplete information on broker agreement form; (4) collecting an application fee in excess of statutory requirements; (5) issuing good-faith estimates which contained split fees; (6) collecting an origination fee in excess of what was disclosed on the good-faith estimate to the borrower; (7) issuing and using an

incorrect and potentially misleading advertisement; and (8) failing to keep loan files in the proper location.

### **AGREEMENT AND ORDER**

The Office of Financial Institutions and Commonwealth Mortgage, LLC, in the interest of economically and efficiently resolving the issues raised in the foregoing Background and Factual Findings, agree as follows:

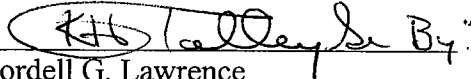
1. In lieu of the imposition of a fine for the violations set forth herein, the parties hereby agree that Commonwealth Mortgage, LLC shall make and tender (on or before the date of execution of this Settlement Agreement) a monetary contribution to the Conference of State Bank Supervisors ("CSBS"), in the amount of one thousand dollars (\$1,000) to support the Nationwide Mortgage Licensing System, jointly sponsored by CSBS and the American Association of Residential Mortgage Regulators, with said contribution being mailed or hand-delivered to the Office of Financial Institutions, Attn: Jessica Sharpe, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601.

Additional monetary contributions shall be made for three consecutive months thereafter, but in no event later than November 29, 2007, December 29, 2007, and January 29, 2008, respectively, by Commonwealth Mortgage, LLC to CSBS in the amount of one thousand dollars (\$1,000) for the second and third payments and one thousand five hundred dollars (\$1,500) for the fourth and final payment to support the Nationwide Mortgage Licensing System, with said contributions being mailed or hand-delivered as set forth herein, for a total contribution of four thousand five hundred dollars (\$4,500).

2. In regard to this matter, Commonwealth Mortgage, LLC waives its right to demand a hearing, at which Commonwealth Mortgage, LLC would be entitled to legal

representation, to confront and cross examine witnesses for the Office of Financial Institutions, and to present evidence on its own behalf. Further, Commonwealth Mortgage, LLC consents to and acknowledges the jurisdiction of the Office of Financial Institutions over this matter and that this Agreement is a matter of public record and may be disseminated as such.


**IT IS SO ORDERED** on this the 1<sup>st</sup> day of November, 2007.


  
Cordell G. Lawrence  
Executive Director

Consented to:

This 1<sup>st</sup> day of November, 2007

This 10 day of October, 2007

  
David Coyle, Director  
Division of Financial Institutions  
Office of Financial Institutions

  
James S. Doyle, Owner  
Commonwealth Mortgage, LLC