

COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
OFFICE OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2007-AH-912

OFFICE OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

FINAL ORDER
ASSESSING FINE AND REQUIRING REFUND
TO BE PAID TO BORROWER

FIRST CHOICE FUNDING, INC.
D/B/A NORSTAR MORTGAGE GROUP

RESPONDENT

Statement of Facts

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

2. Respondent is currently licensed as a mortgage loan company authorized to do business in the Commonwealth of Kentucky at a principal office located at 2100 Riverchase Center, Suite 100, Birmingham, Alabama 35244.

3. Pursuant to KRS 286.8-170, OFI conducted an examination of Respondent's branch office located at 9612 Taylorsville Road, Suite 204, Louisville, Kentucky 40299 on August 23-24, 2007 to determine whether the activities of Respondent's branch location were in compliance with applicable laws and regulations; whether the practices and policies of such location had a potentially adverse impact on prospective borrowers; and whether the business was being operated efficiently, fairly, and in the public interest.

4. During the examination several closed loan files were reviewed, resulting in the discovery of the branch location's use of an unregistered loan officer, Charlie Hall, in loan origination.

5. On December 12, 2007, OFI filed an Administrative Complaint against Respondent seeking fines and any other relief deemed appropriate for violations of KRS 286.8-255 and KRS 286.8-030. Respondent failed to respond to the complaint, and therefore no hearing was requested in this matter.

Statutory Authority

6. Pursuant to KRS 286.8-030(1)(c), it is unlawful for any loan officer, unless otherwise exempted, to originate mortgage loans in Kentucky if the loan officer is not registered in accordance with KRS 286.8-255.

7. Pursuant to KRS 286.8-030(1)(a), it is unlawful for any person to transact business in Kentucky, either directly or indirectly, as a mortgage loan company or mortgage loan broker if he is not licensed and registered in accordance with KRS 286.8-255.

8. Pursuant to KRS 286.8-030(3), any person who willfully transacts business in Kentucky in violation of subsection (1) of KRS 286.8-030 shall have no right to collect, receive, or retain any interest or charges whatsoever on a loan contract, but the unpaid principal of the loan shall be paid in full.

9. Pursuant to KRS 286.8-990(5), the executive director may assess a fine of not less than one thousand dollars (\$1,000) nor more than five thousand dollars (\$5,000) against any mortgage loan company or mortgage loan broker that violates any provision of KRS Chapter 286.8.

Conclusions

Based upon the foregoing, the executive director has determined as follows:

1. Respondent willfully transacted business in Kentucky as a mortgage loan company through its branch located at 9612 Taylorsville Road, Suite 204, Louisville, Kentucky 40299.

2. Respondent's branch location willfully used an unregistered loan officer to originate mortgage loans in Kentucky in violation of KRS 286.8-030(1) and KRS 286.8-255.

Order

THEREFORE, based upon the foregoing statement of facts, statutory authority, and conclusions, the executive director **HEREBY ORDERS** as follows:

1. That Respondent is fined \$2,500 for employing and using an unregistered loan officer in violation of KRS 286.8-030; and

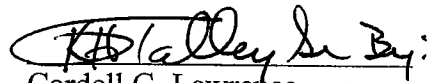
2. That Respondent is required to refund all fees and charges whatsoever collected from borrower, [REDACTED] on the loan contract entered on July 27, 2007, but in no event shall such refund be less than \$2,115.

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

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 Executive Director. If you choose to appeal, you must file a written Notice of Appeal with the Franklin Circuit Court within sixty (60) days after entry of this Order.

IT IS SO ORDERED on this the 18th day of January, 2008.


Cordell G. Lawrence
Executive Director
Office of Financial Institutions
1025 Capital Center Drive, Ste. 200
Frankfort, Kentucky 40601

Certificate of Service

I, Jessica R. Sharpe, hereby certify that a copy of the foregoing Final Order Assessing Fine and Requiring Refund to be Paid to Borrower was sent on this the ~~18th~~ 18th day of ~~January~~ February, 2008, by ~~certified mail, return receipt requested~~ to:

Feb. 21,

UPS, personal service,

First Choice Funding, Inc.
d/b/a Norstar Mortgage Group
ATTN: Zack Rogers, III
2100 Riverchase Center
Suite 100
Birmingham, AL 35244

Jessica R. Sharpe

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