

**COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2009-AH-003**

IN THE MATTER OF:
FRANKLIN AMERICAN MORTGAGE COMPANY

AGREED ORDER

BACKGROUND AND FACTUAL FINDINGS

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

2. Franklin American Mortgage Company is currently not authorized to do business in Kentucky as a mortgage loan broker or mortgage loan company.

3. Franklin American Mortgage Company formerly held KRS 286.8-020(2) claims of exemption at the following addresses: 501 Corporate Drive, Suite 400, Franklin, Tennessee 37067 and 270 South Atkinson Road, Suite B, Grayslake, Illinois 60030. On October 9, 2007, the claim of exemption held at the Grayslake, Illinois location was revoked for failure to submit evidence that it had funded or brokered a minimum of twelve (12) FHA-insured loans on Kentucky properties during the previous calendar year pursuant to KRS 286.8-020(4).

4. Franklin American Mortgage Company had closed the Grayslake, Illinois branch in January 2006, but neglected to surrender the KRS 286.8-020(2) claim of exemption held by the Grayslake, Illinois branch or notify DFI of the closing in violation of 808 KAR 12:020.

AGREEMENT AND ORDER

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

1. Franklin American Mortgage Company agrees to pay a fine in the amount of one thousand dollars (\$1,000) for the violation set forth above, which shall be in the form of a certified check or money order made payable to "Kentucky State Treasurer" and mailed to the Department of Financial Institutions, Attn: Jessica Sharpe, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601 prior to the entry of this Order.

2. Franklin American Mortgage Company shall devote the time and resources necessary to ensure continual and full compliance with all statutory requirements set forth in KRS Chapter 286.8 and the regulations set forth in 808 KAR Chapter 12.

3. Upon satisfaction of and agreement to the conditions set forth herein, the Commissioner shall set aside the Final Order Revoking Franklin American Mortgage Company's KRS 286.8-020(2) claim of exemption at 270 South Atkinson Road, Suite B, Grayslake, Illinois 60030.

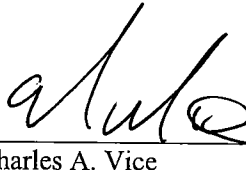
4. Immediately upon the setting aside of the Final Order Revoking Franklin American Mortgage Company's KRS 286.8-020(2) claim of exemption at 270 South Atkinson Road, Suite B, Grayslake, Illinois 60030, Franklin American Mortgage Company shall and hereby does surrender its KRS 286.8-020(2) claim of exemption at 270 South Atkinson Road, Suite B, Grayslake, Illinois 60030.

5. Franklin American Mortgage Company agrees to and shall not transact business in Kentucky as a mortgage loan company or mortgage loan broker unless and until it submits a complete application for licensure, complete applications for all branch offices from which it intends to transact business in Kentucky, complete applications for all loan originators and loan processors it intends to utilize in the origination and processing of loans in Kentucky, and all required fees to DFI, and those applications are deemed sufficient for approval by the commissioner via the issuance of all required licenses and registrations.

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

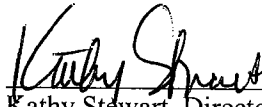
7. This Agreed Order shall constitute the Final Order in this matter.

IT IS SO ORDERED on this the 24th day of JAN, 2009.

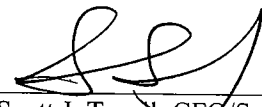
For 
Charles A. Vice
Commissioner

Consented to:

This 23 day of January, 2009.



Kathy Stewart, Director
Division of Financial Institutions
Department of Financial Institutions

This 16th day of Jan, 2009.


Scott J. Tansil, CEO/Secretary
Franklin American Mortgage Co.

STATEMENT OF AUTHORIZATION

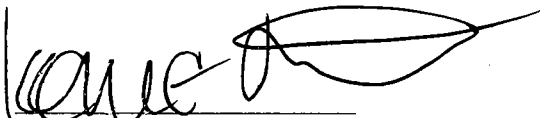
I, **Scott J. Tansil**, state on behalf of Franklin American Mortgage Company, that I have read the foregoing Agreed Order; that I know and fully understand its contents; that I am an officer authorized to enter into and execute this Agreed Order on behalf of Franklin American Mortgage Company, that Franklin American Mortgage Company, agrees freely and without threat of coercion of any kind to comply with the terms and conditions stated herein; and that Franklin American Mortgage Company, voluntarily agrees to enter into this Agreed Order, expressly waiving any right to a hearing on the matters described herein.

By: 
Scott J. Tansil, CFO/Secretary
Franklin American Mortgage Company

STATE OF Tennessee)
COUNTY OF Williamson)

On this the 16th day of Jan, 2009, before me Kellie N Waits, the undersigned officer, **Scott J. Tansil**, did personally appear and acknowledge himself to be an officer of Franklin American Mortgage Company, and that he, being authorized to do so, entered into and executed the foregoing instrument for the purposes therein contained.

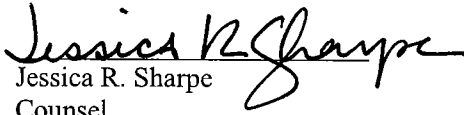
In witness whereof I hereunto set my hand.


Notary Public
Date Commission Expires: 3/11/2012

Certificate of Service

I, Jessica R. Sharpe, hereby certify that a copy of the foregoing **Agreed Order** was sent on this the 17th day of Jan., 2009 by certified mail, return receipt requested, to the following:

Franklin American Mortgage Company
ATTN: Nikki Waits
501 Corporate Center Drive
Suite 400
Franklin, Tennessee 37067


Jessica R. Sharpe
Counsel
Department of Financial Institutions
1025 Capital Center Drive
Frankfort, Kentucky 40601
(502) 573-3390