

COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2009-AH-001

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

EMERGENCY ORDER
SUSPENDING LICENSE

LINCOLN MORTGAGE FINANCIAL SERVICES, INC.

RESPONDENT

Statement of Facts

1. The Department of Financial Institutions ("DFI") 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 applied for and was issued a mortgage broker license by DFI for the purpose of engaging in the mortgage broker business in the Commonwealth of Kentucky at an office located at 729 Knox Boulevard, Radcliff, Kentucky 40160.

3. DFI received a notice from CNA Surety on September 12, 2008, indicating that the surety bond for Respondent had been cancelled. Since that time, DFI has not received proof of renewed or reinstated bond from Respondent.

4. DFI attempted to contact Respondent by letter dated September 12, 2008, but received no reply from Respondent.

5. DFI then contacted Respondent by telephone and email, but to date, Respondent has failed to comply with the minimum requirements of KRS 286.8-060.

6. On November 21, 2008, Respondent submitted an application to renew its mortgage broker's license. On December 7, 2008, DFI mistakenly renewed Respondent's license, despite the fact that Respondent had failed to comply with the minimum requirements of KRS 286.8-060.

Statutory Authority

1. Pursuant to KRS 286.8-060, at the time of filing an application or renewal for licensure as a mortgage loan broker, the mortgage loan broker is required to post and maintain a surety bond in the amount of not less than fifty thousand dollars (\$50,000):

2. Pursuant to KRS 286.8-090, the commissioner may deny, suspend, or revoke any license when the applicant or licensee does not meet or has failed to comply with the requirements of KRS 286.8, does not conduct his business in accordance with law or the method of business includes or would include activities which are illegal where performed, or has willfully violated any provision of KRS 286.8 or any regulation thereunder, or has been guilty of fraud in connection with any transaction governed by KRS 286.8.

3. Pursuant to KRS 286.8-048(1), the commissioner may enter an emergency order suspending the license of any mortgage loan broker without notice or hearing if it appears on grounds satisfactory to the commissioner that the mortgage loan broker has engaged or is engaging in unsafe, unsound, and illegal practices that pose an imminent threat to the public interest.

4. Pursuant to KRS 286.8-048(2), the termination, expiration, or cancellation of the surety bond required under KRS 286.8-060 shall be considered sufficient grounds for an emergency order under KRS 286.8-048(1).

Conclusions

Based upon the foregoing, the commissioner has determined as follows:

1. Respondent applied for and was issued a mortgage loan broker license by DFI for the purpose of engaging in the mortgage loan broker business in the Commonwealth of Kentucky at a principal office located at 729 Knox Boulevard, Radcliff, Kentucky 401602.

2. It appears on grounds satisfactory to the commissioner that Respondent violated KRS 286.8-060 by failing to maintain a surety bond in the amount of not less than fifty thousand dollars (\$50,000), and thus, there are sufficient grounds for an emergency order suspending Respondent's license as a mortgage loan broker pursuant to KRS 286.8-048(1) and (2)(g).

3. Despite being notified by letter, telephone, and email of Respondent's need to reinstate its surety bond, Respondent has failed to submit proof of a reinstated surety bond to DFI.

Emergency Order

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

1. That the mortgage loan broker license held by **Lincoln Mortgage Financial Services, Inc.** is **SUSPENDED** pursuant to KRS 286.8-048;

2. That Respondent is directed to immediately cease all mortgage loan broker operations in the Commonwealth of Kentucky, pending further notice or order; and

3. That Respondent is prohibited from participating in any business activity of a registrant or licensee and from engaging in any business activity on the premises where a licensee or registrant is conducting its business.

Pursuant to KRS 286.8-048(3), this **EMERGENCY ORDER** shall become effective upon the affixation of a signature by the commissioner.

Notice of Due Process and Appeal Rights

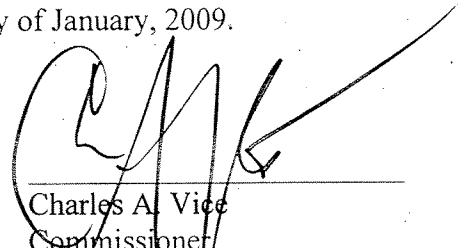
1. Pursuant to KRS 286.8-048(3), this emergency order shall be delivered by personal delivery or certified mail to the last known address of the Respondent and the order shall be deemed served upon delivery or upon return of the order.

2. Pursuant to KRS 286.8-048(4), you are hereby notified that you have the right to request an emergency hearing to appeal the entry of this emergency order. If you choose to appeal, the request for hearing shall be filed with the commissioner within twenty (20) days of service of the emergency order.

3. Pursuant to KRS 286.8-048(5), upon receipt of a written request for emergency hearing, the commissioner shall conduct an emergency hearing as required under KRS 13B.125, within ten (10) working days from the date of receipt of the request for hearing, unless the parties agree otherwise.

4. Pursuant to KRS 286.8-048(6), this emergency order shall remain in effect until it is withdrawn or superseded by an order of the commissioner or until it is terminated by court order.

IT IS SO ORDERED on this the 7th day of January, 2009.

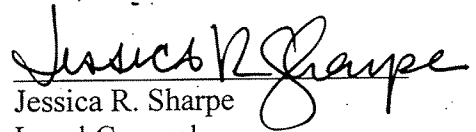
A handwritten signature in black ink, appearing to read 'CAV', is written over a horizontal line. The signature is stylized and cursive.

Charles A. Vice
Commissioner
Department 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 **Emergency Order Suspending License** was sent on this the 7th day of January, 2009, by certified mail, return receipt requested, to the following:

Lincoln Mortgage Financial Services, Inc.
ATTN: Lester Smith
729 Knox Blvd.
Radcliff, Kentucky 40160



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