



COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
ADMINISTRATIVE ACTION NO. 2025-DFI-0177

KENTUCKY DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

v.

MORTGAGETREE LENDING OF INDIANA, LLC

RESPONDENT

AGREED ORDER

PARTIES

1. DFI is responsible for regulating and licensing mortgage loan brokers, companies, and originators in accordance with the provisions of KRS Chapter 286.8.
2. Respondent MortgageTree Lending of Indiana, LLC ("MortgageTree") is licensed as a mortgage broker in the Commonwealth of Kentucky with an office address of 470 N Indiana Avenue, Sellersburg, Indiana 47172. The registered agent for Respondent is Mike Flynn with an address of 11829 Lakestone Way, Prospect Kentucky 40059. Respondent's Kentucky license number is MB307804, and its NMLS number is 1222334.

STATEMENT OF FACTS

3. On September 19, 2024, DFI conducted a routine examination of MortgageTree.
4. MortgageTree holds a mortgage broker license.
5. MortgageTree does not hold a license as a mortgage loan company or a mortgage loan originator.
6. MortgageTree is listed as the lender on a note dated April 8, 2022.
7. MortgageTree is listed as the lender on a note dated August 18, 2022.

8. During the examination MortgageTree was unable to produce a list of closed loans or retrieve closed loan documents from its system.
9. MortgageTree indicated that a computer system crash in 2022, had resulted in the loss of records for which there were no external backups. MortgageTree also indicated that it had recently changed loan origination systems without backing up or retaining access to records stored in the older system.
10. MortgageTree was able to obtain some loan documents from one of the title companies with which MortgageTree had worked resulting in documents executed at closing with copies of title policies being available for twelve (12) of eighteen (18) loans made. No loans had complete records.
11. DFI had requested loan documents related to all Kentucky loans on May 9, 2024, in advance of the examination and requested those documents be produced by May 23, 2024, in advance of the examination.
12. On May 30, 2024, MortgageTree's President, Ryan Chanley ("Chanley") responded to the request indicating that information was being requested from lenders.
13. MortgageTree's broker license was suspended on August 20, 2024, while attempts to obtain records continued.
14. Efforts to retrieve loan documents were continued ultimately resulting in DFI having to close the examination on September 30, 2024, without a complete list of Kentucky loans closed during the examination period, without any documents from six (6) known loans, and incomplete files from twelve (12) loans.
15. MortgageTree used a Facebook page that did not display MortgageTree's unique identifier assigned by either the Nationwide Multistate Licensing System or DFI.

16. On November 8, 2024, MortgageTree sent correspondence to DFI acknowledging delayed responses to DFI as well as the failure to post the required identifier on its Facebook page.
17. MortgageTree, in correspondence dated December 16, 2024, acknowledged a lack of timeliness in getting information to DFI. In that correspondence MortgageTree also acknowledged closing loans in Kentucky but denied any intent to do this without the proper license. MortgageTree claimed ignorance of the law as the basis for no intention to act without the proper license. MortgageTree's exact wording was, "I was never told by any other those people that I needed a different license."
18. Mortgage Call Reports for the second quarter of 2025, had a filing deadline of August 14, 2025.
19. At the end of the day August 14, 2025, MortgageTree had not filed a Mortgage Call Report for the second quarter of 2025.
20. As of November 20, 2025, MortgageTree has indicated that it does not intend to continue to originate loans either as a correspondent loan lender or a hybrid correspondent loan lender.
21. As of November 20, 2025, MortgageTree has come up to date with filings of Mortgage Call Reports.
22. As of November 20, 2025, MortgageTree has indicated that it has a new record keeping system.

STATUTORY AUTHORITY

23. KRS 286.8-046 states:

(1) The commissioner may levy a civil penalty against any person who violates any provision of or any administrative regulation promulgated under this subtitle or order issued by the commissioner under this subtitle. The civil penalty shall be 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.

(2) The commissioner may order restitution, refund, recovery of expenses, or direct such other affirmative action as the commissioner deems necessary against any person who violates any order issued by the commissioner or any provision of, or administrative regulation promulgated under, this subtitle.

24. KRS 286.8-010(16) defines mortgage loan broker as:

"Mortgage loan broker" means any person who for compensation or gain, or in the expectation of compensation or other gain, received directly or indirectly, serves as an agent for any borrower in an attempt to obtain a mortgage loan, or holds oneself out as being able to do so

25. KRS 286.8-010(17) defines mortgage loan company as:

"Mortgage loan company" means any person who directly or indirectly:

- (a) Makes, purchases, or sells mortgage loans, or holds oneself out as being able to do so; or
- (b) Services mortgage loans, or holds oneself out as being able to do so

26. KRS 286.8-010(18) defines mortgage loan originator as:

"Mortgage loan originator" means a natural person who:

- (a)
 - 1. Is employed by a licensee;
 - 2. Receives compensation or gain, or expects to receive compensation or gain; and
 - 3. Performs any one (1) or more of the following acts in the mortgage lending process:
 - a. Solicits, places, negotiates, or offers to make a mortgage loan;
 - b. Assists a borrower or prospective borrower with the preparation of documents necessary to obtain a mortgage loan;
 - c. Explains, recommends, discusses, negotiates, or quotes rates, terms, and conditions of a mortgage loan with a borrower or

- prospective borrower, whether or not the borrower or prospective borrower makes or completes an application;
- d. Explains any term or aspect of any disclosure or agreement given at or after the time a mortgage loan application is received; or
- e. Takes a residential mortgage loan application;

27. KRS 286.8-030(1)(a) states:

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 the mortgage loan company or mortgage loan broker is not licensed in accordance with the requirements of this subtitle, unless that person is exempt under KRS 286.8-020 and, if required by KRS 286.8-020(3) has timely filed a completed application for a claim of exemption, and the filed application for a claim of exemption has been approved by the commissioner.

28. KRS 286.8-090(1)(j) states:

(1) The commissioner may suspend; revoke; place on probation; condition; refuse to issue or renew a license, registration, or exemption; or accept surrender of a license, registration, or exemption in lieu of revocation or suspension; or issue a cease and desist order if the commissioner finds that the person, applicant, licensee, or registrant:

(j) Has refused to permit an examination or investigation by the commissioner of his books and affairs or has refused or failed, within a reasonable time, to furnish any information or make any report that may be required by the commissioner under the provisions of this subtitle

29. KRS 286.8-295(2) states:

(a) Every mortgage loan company and mortgage loan broker shall exercise proper supervision and control over the operations, employees, and affairs of its company.

(b) A mortgage loan company or mortgage loan broker shall supervise and control all employees acting as a mortgage loan originator on behalf of the mortgage loan company or mortgage loan broker.

30. KRS 286.8-220(2) states in relevant part:

No person shall, in connection with a transaction involving the mortgage lending process, or in connection with the operation of a mortgage loan business or the management or servicing of mortgage loans, directly or indirectly:

- (a) Employ a device, scheme, or artifice to defraud;
- (b) Engage in any act, practice, or course of business that operates or would operate as a fraud or deceit upon any person;
- (c) Fail to disburse funds in accordance with a loan commitment;
- (g) Obtain property by fraud or misrepresentation;
- (h) Fail to make disclosures as required by this subtitle or any other applicable state or federal law, including regulations thereunder; or
- (i) Fail to comply with state or federal laws, including the rules and regulations thereunder, that are applicable to transacting business in Kentucky.

31. 12 CFR § 1008.111(f) states:

The supervisory authority must require a loan originator to ensure that all residential mortgage loans that close as a result of the loan originator engaging in activities described in § 1008.103(b)(1) are included in reports of condition submitted to the NMLSR. Such reports of condition shall be in such form, shall contain such information, and shall be submitted with such frequency and by such dates as the NMLSR may reasonably require.

VIOLATIONS

32. In contravention of KRS 286.8-030(1)(a), MortgageTree Lending of Indiana, LLC made at least two (2) loans without possessing the proper license for such action.
33. In contravention of KRS 286.8-090(1)(j), MortgageTree Lending of Indiana, LLC failed to provide requested records during an exam, for a substantial period of time between a request for documentation and the actual exam, and for a substantial period of time after the initial date of the examination as well as providing incomplete records.

34. In contravention of KRS 286.8-295(2), MortgageTree Lending of Indiana, LLC failed to exercise proper control over operations in failing to have backup records available for lost computer records and being unaware of the proper licensing requirements.
35. In contravention of KRS 286.8-220(2)(i) and 12 CFR § 1008.111(f), MortgageTree Lending of Indiana, LLC failed to make a timely filing of a Mortgage Call Report.

AGREEMENT AND ORDER

36. To resolve this matter without litigation or other adversarial proceedings, the Department and MortgageTree Lending of Indiana, LLC agree to compromise and settle all claims arising from the above-referenced factual background in accordance with the terms set forth herein.

37. In the interest of economically and efficiently resolving the violations described herein, it is hereby **AGREED** and **ORDERED**:

- i. MortgageTree Lending of Indiana, LLC. agrees to pay a civil fine in the amount of three thousand dollars (\$3,000.00) for the violations described herein, which shall be due and payable within thirty (30) days of the entry of this Order;
- ii. All payments under this Order shall be in the form of a payment made via the NMLS system;
- iii. MortgageTree Lending of Indiana, LLC shall be aware of all laws, regulations, and requirements of mortgage broker license holders in the Commonwealth of Kentucky and shall comply with all such laws, regulations, and requirements in the future or be subject to all penalties and remedies at law;
- iv. MortgageTree Lending of Indiana, LLC waives the right to demand a hearing at which it would be entitled to legal representation, to confront and cross-examine witnesses, and to present evidence on its behalf, or to otherwise appeal or set aside this Agreed Order;

- v. MortgageTree Lending of Indiana, LLC. consents to and acknowledges the jurisdiction of the Department over this matter and that this Agreed Order is a matter of public record and may be disseminated as such;
- vi. In consideration of execution of this Agreed Order, MortgageTree Lending of Indiana, LLC for itself, and for its successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, the Department, Office of Legal Services, and each of their members, agents, and employees in their individual capacities, from any and all manner of actions, causes of action, suits, debts, judgments, executions, claims and demands whatsoever, known and unknown, in law or equity, that MortgageTree Lending of Indiana, LLC ever had, now has, may have or claim to have against any or all of the persons or entities named in this paragraph arising out of or by reason of this investigation, this disciplinary action, this settlement or its administration;
- vii. By signing below, the parties acknowledge they have read the foregoing Agreed Order, fully understand its contents, and that they are authorized to enter into and execute this Agreed Order and legally bind their respective parties; and
- viii. This Agreed Order shall constitute the Final Order in this matter.

SO ORDERED on this the 9th day of December, 2025.


MARNI ROCK GIBSON
COMMISSIONER

Consented to:

On behalf of the Department of Financial Institutions,

This 9 day of December, 2025.

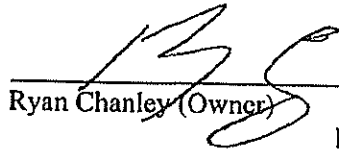


Director, Division of Non-Depository Institutions
Department of Financial Institutions

and

On behalf of Consumer Real Estate Finance Co.

This 2 day of December, 2025.



Ryan Chanley (Owner)

MortgageTree Lending of Indiana, LLC

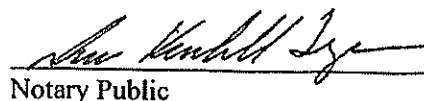
ACKNOWLEDGEMENT

STATE OF Indiana)

COUNTY OF Clark)

On this the 2 day of December, 2025, Ryan Chanley, in my presence, acknowledged him/her self to be the authorized representative of MortgageTree Lending of Indiana, LLC, and, being authorized to do so, did enter into and execute the foregoing instrument, on behalf of MortgageTree Lending of Indiana, LLC, for the purposes therein contained, acknowledging the same.

My Commission Expires: 10/08/2032


Notary Public

CERTIFICATE OF SERVICE

gfr I certify that a true and correct copy of the foregoing Agreed Order was sent on this the day of December, 2025, by the method indicated below to the following:

Via certified mail, return receipt requested and email:

MortgageTree Lending of Indiana, LLC
Attn: Ryan Chanley
470 N. Indiana Ave.
Sellersburg, IN 47172
ryan@mortgagetree.net
Owner

Via hand delivery:

Eric Richardson, Staff Attorney III
DEPARTMENT OF FINANCIAL INSTITUTIONS
500 Mero Street
Frankfort, KY 40601
eric.richardson@ky.gov
Counsel for Department of Financial Institutions

Kentucky Department of Financial Institutions

Name: Quynh Reed

Title: Executive Staff Advisor