

**COMMONWEALTH OF KENTUCKY  
PUBLIC PROTECTION CABINET  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
ADMINISTRATIVE AGENCY ACTION NO. 2010-AH-1106**

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

**AGREED ORDER**

ONE REVERSE MORTGAGE, LLC

RESPONDENT

**STATEMENT OF FACTS**

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

2. One Reverse Mortgage, LLC (“One Reverse”) is a mortgage loan company whose principal office is located at 9740 Scranton Road, San Diego, CA 92121. The DFI issued One Reverse a mortgage company license (MC 23649) on December 23, 2008 and a branch license (MC 23650) on December 29, 2008.

3. Pursuant to the Act, the DFI conducted an examination of One Reverse on February 10, 2010 to determine whether the activities of One Reverse were in compliance with applicable laws and regulations; whether the practices and policies of One Reverse 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, the DFI discovered that two former employees of One Reverse, Matthew Clayton and Brian McFedries, acted as loan originators on behalf of One Reverse in January 2009 and March 2009 respectively.

5. Clayton and McFedries were not registered with the DFI as a mortgage loan originators when they performed the acts set forth in the preceding paragraph.

6. According to One Reverse, the unregistered activity occurred as a result of an inadvertent technological error. Prior to the DFI's examination, One Reverse identified the technological error through a self audit and corrected it upon discovery.

#### **LEGAL CONCLUSIONS**

7. Pursuant to KRS 286.8-030(1)(c), "it is unlawful for any natural person to transact business in Kentucky, either directly or indirectly, as a mortgage loan originator or mortgage loan processor, unless otherwise exempted, if the mortgage loan originator or mortgage loan processor is not registered in accordance with KRS 286.8-255."

8. Pursuant to KRS 286.8-255(1), "no natural person shall transact business in Kentucky, either directly or indirectly, as a mortgage loan originator or mortgage loan processor unless such mortgage loan originator or mortgage loan processor is registered with the office and has been issued a current certificate of registration by the office, complies with all applicable requirements of this subtitle, and maintains a valid unique identifier issued by the Nationwide Mortgage Licensing System and Registry."

9. Pursuant to KRS 286.8-030(1)(d), "it is unlawful for any mortgage loan company...to employ or use a mortgage loan originator...if the mortgage loan originator...is not registered in accordance with KRS 286.8-255 or otherwise exempted."

10. One Reverse violated KRS 286.8-030(1)(d).

11. Pursuant to KRS 286.8-046(1), the Executive Director may assess a fine against any person that violates any provision of the Act or accompanying regulations.

### AGREEMENT

12. In the interest of economically and efficiently resolving the violation(s) described herein and avoid the expense, inconvenience, and uncertainty of further administrative proceedings, the DFI and One Reverse, agree as follows:

a. One Reverse agrees to a fine assessment in the amount of five thousand dollars (\$5,000.00) for the violation(s) described herein;

b. One Reverse agrees to pay the fine amount of five thousand dollars (\$5,000.00). The payment 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: Simon Berry, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601.

13. One Reverse waives its 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 own behalf, or to otherwise appeal or set aside this Order.

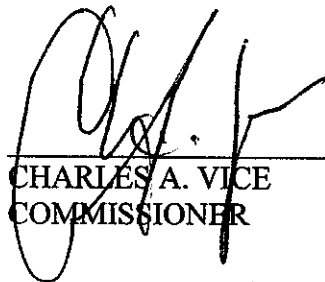
14. One Reverse consents to and acknowledges the jurisdiction of the DFI over this matter and that this Agreed Order is a matter of public record and may be disseminated as such.

15. In consideration of execution of this Agreed Order, One Reverse for itself, and for its successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, the DFI, 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 One Reverse 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.

16. By signing below, the parties acknowledge they have read the foregoing Agreed Order, know and fully understand its contents, and that they are authorized to enter into and execute this Agreed Order and legally bind their respective parties.

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

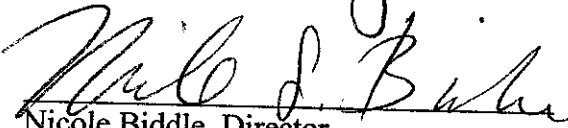
**IT IS SO ORDERED** on this the 23<sup>rd</sup> day of September, 2010.

  
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CHARLES A. VICE  
COMMISSIONER

**Consented to:**

This 21<sup>st</sup> day of August, 2010.

This 20<sup>th</sup> day of Sept 2010



Nicole Biddle, Director  
Division of Nondepository Institutions  
Department of Financial Institutions



One Reverse Mortgage, LLC

By: Jay Farner

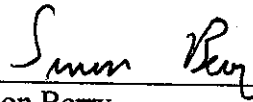
Its: CEO

Respondent

**Certificate of Service**

I hereby certify that a copy of the foregoing **Agreed Order** was sent by certified mail return receipt requested on this the 24<sup>th</sup> day of September, 2010, to the following:

One Reverse Mortgage, LLC  
9740 Scranton Road, Suite 340  
San Diego, CA 92121



Simon Berry  
Department of Financial Institutions  
1025 Capital Center Drive, Suite 200  
Frankfort, Kentucky 40601  
(502) 573-3390 Ext. 232  
(502) 573-2183 (facsimile)