

**COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2011-AH-0019**

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

REPUBLIC STATE MORTGAGE COMPANY

RESPONDENT

AGREED ORDER

* * * * *

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

2. Republic State Mortgage Company (“Republic State”) is a Texas corporation that is licensed to provide mortgage services in several states, including the Commonwealth of Kentucky. Republic State has branches in Lexington, Louisville, Bowling Green and Versailles, Kentucky.

3. DFI conducted an investigation as to whether Republic State or any of its directors, officers, employees, former employees, agents, contractors and/or other representatives violated the provisions of KRS Chapter 286.8. Specifically, the Commonwealth investigated whether Kevin Mullins and Brenda Stone (two former employees of Republic State who were terminated during the course of this investigation) and John Howard and Beth Davidson (two individuals who have never been employed by Republic State in any capacity), violated provisions of KRS Chapter 286.8.

4. DFI possesses a range of administrative authority in addressing violations of the Act, including license revocation or denial, the imposition of fines in an amount up to \$25,000 per violation. *See* KRS 286.8-046; 286.8-090.

5. As a result of the investigation, DFI has alleged certain violations related to the paying of commissions to unregistered loan originators. DFI hereby acknowledges that Republic State denies any liability or wrongdoing in connection with the events giving rise to the subject investigation and settlement, and that Republic State is only entering this Agreement to avoid the delay, inconvenience, and expense of litigating the DFI's claims related to the DFI's investigation. The Parties also acknowledge and agree that this Agreement is not admissible in any proceeding, whether civil, administrative or otherwise, for the purpose of establishing liability.

6. To avoid the delay, inconvenience, and expense of litigating the claims, the Parties wish to reach a full and final settlement of any and all claims related to this investigation, DFI and Republic State agree as follows:

- a. Republic State agrees to pay a sum in the amount of eighty thousand dollars (\$80,000.00) for the issues(s) described herein;
- b. Republic State agrees to and shall pay the sum over the course of twelve months in equal installments of six thousand six hundred and sixty-six dollars and sixty-seven cents (\$6,666.67), 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: Shaun T. Orme, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601;

c. The first installment shall be due on the date this Agreed Order is signed and returned to DFI. The eleven subsequent payments shall be due on the fifteenth of each month; and

d. Republic State shall devote the time and resources necessary to ensure continual and full compliance with all statutory requirements set forth in the Act and the regulations set forth in 808 KAR Chapter 12. For a period of one year, Republic State shall remain subject, at its own expense, to such increased examinations, investigations, reporting, and/or other monitoring or oversight that may be deemed by the DFI to be necessary to ensure and verify Republic State's continued compliance with the terms of this Agreed Order and all statutory requirements set forth in the Act and the regulations set forth in 808 KAR Chapter 12;

7. Republic State 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.

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

9. In consideration of execution of this Agreed Order, Republic State for itself, and for its successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, 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 Republic State 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.

10. In consideration of execution of this Agreed Order, the Commonwealth of Kentucky, DFI , and Office of Legal Services, for themselves, and for their successors and assigns, hereby release Republic State, and each of its 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 in equity, that the Commonwealth of Kentucky, DFI, and the Office of Legal Services ever had, now has, may have or claim to have against any or all of the persons or entities named in this paragraph out of or by reason of this investigation, this disciplinary action, this settlement or its administration.

11. 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.

12. The provisions of this Agreement are severable and if any part hereof is found to be invalid or unenforceable, the Parties shall use their best efforts to substitute a valid, legal and enforceable provision, which in so far as practical, implements the purpose of the Agreement. The other provisions shall remain valid and enforceable notwithstanding. Any failure to enforce any provision of this Agreement shall not constitute a waiver thereof, or of any other provision.

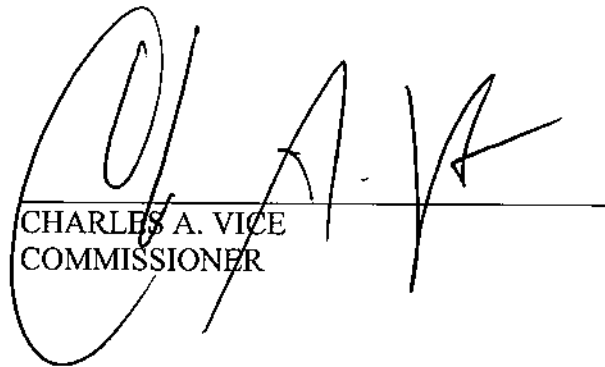
13. This Agreement shall be governed by the laws of the Commonwealth of Kentucky. Franklin County, Kentucky shall be the sole and exclusive venue for all proceedings arising out of this Agreement.

14. The Parties agree that they will bear their own fees and costs incurred in investigating and litigating these matters.

15. This Agreement may be executed in counterparts.

16. This Agreed Order shall constitute the Final Order in this matter and it cannot be modified without the express written consent of both parties.

IT IS SO ORDERED on this the 29th day of October, 2012.


CHARLES A. VICE
COMMISSIONER

Consented to:

This 29 day of October, 2012.

This 19 day of October, 2012.

Lisa Tiemeyer
~~Chris N. Thompson, Acting Director~~
Division of Non-Depository Institutions
Department of Financial Institutions

Paris Spivey
Authorized Representative
Republic State Mortgage Company

Lisa Tiemeyer

ACKNOWLEDGEMENT

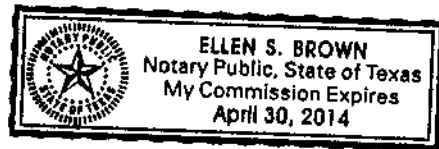
STATE OF TX)
COUNTY OF HARRIS)

On this the 19th day of October, 2012, before me Ellen S. Brown, the undersigned, Paulina S. McGrath personally appear and acknowledge himself/herself to be the authorized representative of Republic State Mortgage Company and that he/she, 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.

My Commission Expires: 4/30/14


Ellen S. Brown
Notary Public



Certificate of Service

I, Shaun T. Orme, hereby certify that a copy of the foregoing **Agreed Order** was sent on this the 29th day of October, 2012, by certified mail, return receipt requested, to the following:

Kevin F. Hoskins, Esq.
Dressman Benzinger LaVelle, PSC
3500 Carew Tower
441 Vine Street
Cincinnati, OH 45202-3007


Stephanie Dawson
Department of Financial Institutions