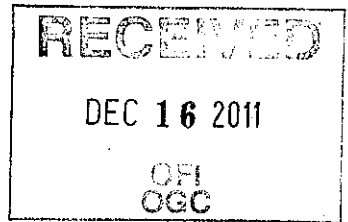


COMMONWEALTH OF KENTUCKY  
PUBLIC PROTECTION CABINET  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
AGENCY CASE NO. 2011-AH-0199



DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

v.

AGREED ORDER

SIERRA HOME LOANS, LLC

RESPONDENT

\* \* \* \* \*

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 Licensing and Regulation Act (the "Act").

2. Sierra Home Loans, LLC ("Respondent") Respondent is a mortgage loan broker previously licensed to do business in Kentucky pursuant to the Act, and had its principal office and last known address located at 6900 Houston Road, Unit 21, Florence, Kentucky 41042.

3. Respondent's initial license was effective on October 20, 2009, and was in effect at all times relevant herein. Respondent's license expired on December 31, 2010 and was not renewed. Respondent's Nationwide Mortgage Licensing System and Registry ("NMLS") number is 19743.

4. At all times relevant herein, John W. Cornett was the owner of Respondent.

5. On June 2, 2011, the DFI conducted an examination of Genworth Financial Home Equity Access, Inc., a mortgage loan company licensed to conduct such business in Kentucky. As a result of the examination, the DFI discovered that

Respondent originated and acted as the mortgage loan broker on a mortgage loan in the amount of \$82,110.00 that was funded by Genworth on August 3, 2010, and that Respondent collected total net income from the loan of \$6,297.59.

6. Pursuant to KRS 286.8-125, the "total loan amount" of this mortgage loan was \$75,812.41 (amount financed less total net income to Respondent).

7. Pursuant to KRS 286.8-125, four percent (4%) of the total loan amount of this mortgage loan is \$3,032.50 and, because such sum exceeds two thousand dollars (\$2,000), it constitutes the maximum income that Respondent was permitted to generate in connection with this mortgage loan.

8. Accordingly, Respondent violated KRS 286.8-125, which makes it unlawful for any licensee or person holding a claim of exemption to originate a loan secured by a mortgage on residential real property in Kentucky if the total net income generated by the licensee or person exceeds two thousand dollars (\$2,000) or four percent (4%) of the total loan amount, whichever is greater.

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

10. In this case, the DFI has determined to require Respondent to refund and make restitution to the affected borrower of the full amount of Respondent's fee exceeding the permissible limit, which sum is three thousand, two hundred and sixty-five dollars and nine cents (\$3,265.09).

11. In the interest of economically and efficiently resolving the violation(s) described herein, the DFI and Respondent therefore agree as follows:

- a. Respondent agrees to refund and reimburse the affected borrower the sum of three thousand, two hundred and sixty-five dollars and nine cents (\$3,265.09) for the violation(s) described herein;
- b. Respondent agrees to and shall pay the total refund assessed herein in a single installment payment of three thousand, two hundred and sixty-five dollars and nine cents (\$3,265.09), which shall be due on and tendered to the borrower by the date Respondent signs the Agreed Order and returns it to the DFI. Said payment shall be in the form of a cashier's or certified check made payable to the borrower, and written proof of such tender shall be delivered to the DFI by the date Respondent signs the Agreed Order and returns it to the DFI, but in no event later than December 16, 2011; and
- c. Respondent 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.

7. Respondent 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. Respondent 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.

9. In consideration of execution of this Agreed Order, Respondent 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 Respondent 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. 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.

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

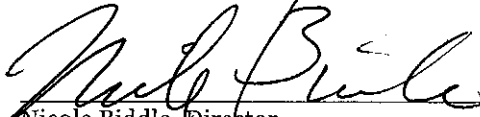
**IT IS SO ORDERED** on this the 22<sup>nd</sup> day of December, 2011.

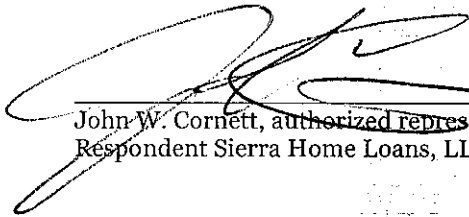
  
\_\_\_\_\_  
CHARLES A. VICE  
COMMISSIONER

**Consented to:**

This 15th day of December, 2011.

This 12th day of December, 2011.

  
\_\_\_\_\_  
Nicole Biddle, Director  
Division of Non-Depository Institutions  
Department of Financial Institutions

  
\_\_\_\_\_  
John W. Cornett, authorized representative of  
Respondent Sierra Home Loans, LLC

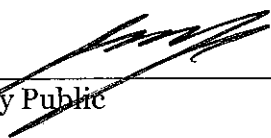
**ACKNOWLEDGEMENT**

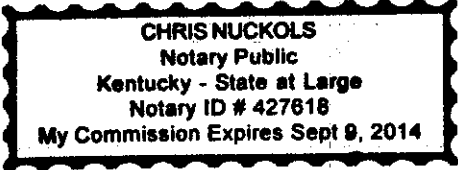
STATE OF Kentucky )  
 )  
COUNTY OF Boone )

On this the 12th day of December, 2011, before me Chris Nuckols, the undersigned, John W. Cornett, as authorized representative of Sierra Home Loans, LLC, did personally appear and entered into and executed the foregoing instrument for the purposes therein contained.

In witness whereof I hereunto set my hand.

My Commission Expires: Sept. 9, 2014

  
\_\_\_\_\_  
Notary Public

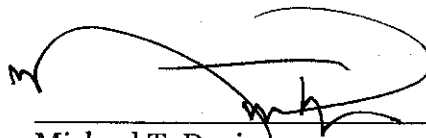


**Certificate of Service**

I, Michael T. Davis, hereby certify that a copy of the foregoing **Agreed Order** was sent on this the 27<sup>th</sup> day of December, 2011, by certified mail, to the following:

John W. Cornett  
Sierra Home Loans, LLC  
6900 Houston Road, Unit 21  
Florence, Kentucky 41042

John W. Cornett  
2003 Holderness Drive  
Union, Kentucky 41091



Michael T. Davis  
Department of Financial Institutions  
1025 Capital Center Drive  
Suite 200  
Frankfort, Kentucky 40601  
502-573-3390 ext. 240 (phone)  
502-573-2183 (facsimile)