

**COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2012-AH-0007**

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

v.

AGREED ORDER

STOCKTON MORTGAGE CORPORATION

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. Stockton Mortgage Corporation (“Respondent”) is a mortgage loan company with its principal office located at 88 C. Michael Davenport Boulevard, Suite 1, Frankfort, Kentucky 40601. Respondent’s Nationwide Mortgage Licensing System and Registry number is 8259.

3. As the result of an examination of Respondent on January 25, 2011, the DFI discovered that during April 2010, Respondent originated at least three (3) Kentucky mortgage loans from an office located at 15 Court Square, Lebanon, Kentucky 40033. This Lebanon office did not become licensed as a branch of Respondent until May 18, 2010, and the DFI therefore determined that it was at the time of the subject loans an unlicensed branch in violation of KRS 286.8-100(1), which states that “No licensee shall establish or maintain a branch transacting business in Kentucky, either directly or indirectly, without filing the application as described in KRS 286.8-032(5) and receiving prior written approval of the executive director.”

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

5. In this case, the DFI has assessed fines against Respondent in the total amount of five thousand, five hundred dollars (\$5,500.00) for the violation(s) described herein.

6. Respondent desires to enter into this Agreed Order in lieu of proceeding with a formal hearing on the issues that comprise this matter.

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

- a. Respondent agrees to a fine in the amount of five thousand, five hundred dollars (\$5,500.00) its violation(s) described herein;
- b. Respondent agrees to and shall pay the total fines assessed to it in a single installment of five thousand, five hundred dollars (\$5,500.00), which payment shall be due on the date Respondent signs the Agreed Order and returns it to the DFI, but in no event later than February ²⁴ ~~10~~, 2012. Said 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: Michael T. Davis, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601; 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.

8. 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.

9. 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.

10. 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.

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

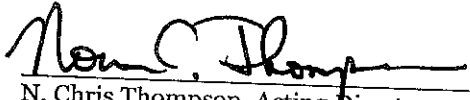
IT IS SO ORDERED on this the 27th day of FEBRUARY, 2012.



CHARLES A. VICE
COMMISSIONER

Consented to:

This 22 day of FEBRUARY, 2012.



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

This 14 day of Feb., 2012.



David Stockton, President of
Respondent Stockton Mortgage Corporation

ACKNOWLEDGEMENT

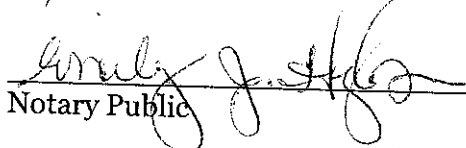
STATE OF Kentucky)

COUNTY OF Franklin)

On this the 14th day of Feb., 2012, before me David Stockton, the undersigned, David Stockton, as President and authorized representative of Stockton Mortgage Corporation, 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: 10/12/13

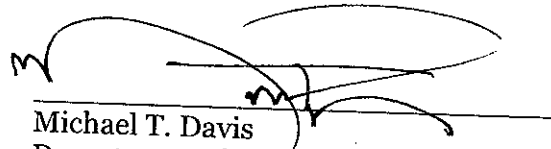

Notary Public

Emily J. Hughes
Notary Public
State at Large
State of Kentucky
My Comm. Exp. 10/12/13

Certificate of Service

I, Michael T. Davis, hereby certify that a copy of the foregoing Agreed Order was sent on this the 23rd day of February, 2012, by certified mail, to the following:

Phillip L. Schulman
K&L Gates, LLP
1601 K Street NW
Washington, DC 20006-1600
Counsel for Respondent



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)
Counsel for Complainant