

STATE OF OHIO
DEPARTMENT OF COMMERCE
DIVISION OF FINANCIAL INSTITUTIONS
77 South High Street, 21st Floor
Columbus, Ohio 43215-6120

In the matter of:

**PROFESSIONAL MORTGAGE
CORP.
5843 Myrtle Hill Rd.
Valley City, Ohio 44280**

)
)
) Case No. 05-0101MBR

) **Notice of Order to Fine & Revoke**
) **Mortgage Broker Certificate of Registration**
) **&**
) **Notice of Opportunity for a Hearing**
)

JURISDICTION

The Ohio Department of Commerce, by and through the Superintendent of the Division of Financial Institutions ("Division"), is charged with the responsibility of enforcing the Ohio Mortgage Broker Act, codified in Ohio Revised Code ("R.C.") Chapter 1322.

Professional Mortgage Corp. ("Respondent") is an Ohio corporation registered with the Division as a mortgage broker pursuant to R.C. Chapter 1322. The business address of record for Respondent's main office is 5843 Myrtle Hill Rd., Valley City, Ohio 44280. Said registrant holds a license to operate this Ohio office under the registration number MB 0267.

ALLEGATIONS

Pursuant to R.C. § 1322.10(B), the Division conducted an investigation into the affairs of Respondent, and as a result thereof, alleges the following:

In November of 2004 the Respondent arranged a loan to refinance residential property at 1053 E. Maple St., N. Canton, Ohio 44720. Despite the loan going to closing, the loan proceeds of some \$140,000 were not distributed to pay off the borrower's previous mortgage resulting in the property being encumbered by two mortgages. Respondent also arranged a loan for the purchase of property at 2682 Stiegler Rd., Valley City, Ohio 44280. Despite said loan's closing on December 22, 2004 the loan's proceeds of \$189,000 were not provided to the seller, leaving the buyer without title to the property purchased. Borrowers on six other properties that were refinanced through Respondent during late 2004 also did not receive their proper payoffs or loan funds. (See attachment A hereto). The total of funds lost through the conduct of the Respondent in these transactions exceeds \$1.1 million dollars.

Upon information and belief, Arthur Wootton, Respondent's owner and operations manager acted as the title agent in these above noted mortgage transactions and was in control of monies placed in escrow to fund these loans. Notwithstanding the provision of these loan funds by the financial institution, the proceeds provided were not properly applied to the loan transactions for which they were received. Respondent knew or should have known that the funds transferred to its escrow account were not properly being set aside for their intended purpose and were not available to be paid over to the prior mortgage note holders. Said conduct constitutes a continued course of misrepresentation as well as improper and dishonest dealings in violation of R.C. § 1322.07(B) and (C).

Respondent acting through Arthur Wootton and/or others knowingly made or caused to be made false statements on the HUD-1 Settlement Statements for each of the affected consumer/victims in that these settlement statements each indicate that payment was made to the prior mortgage note holder or to the seller of the property, when in truth and fact these payments were not made. Such conduct violates in each case R.C. § 1322.07(E) which prohibits false statements on mortgage documents.

Respondent acting through Arthur Wootton and/or others received money for brokering a mortgage loan transaction, even though the loan fund proceeds had not been distributed on behalf of the consumer/buyer. Such conduct violates in each case R.C. § 1322.08(B) which prohibits payment in such circumstances prior to the disbursement of the loan proceeds.

FINDINGS

Based upon the allegations above, the Division has determined that Respondent, Professional Mortgage Corp., has improperly applied loan proceeds from escrow accounts in loan transactions in the state of Ohio in violation of R.C. § 1322.07(C) and engaged in a continued course of misrepresentation about its disbursement of payoffs in violation of R.C. § 1322.07(B). The Division has further determined that Respondent knowingly made or caused to be made false statements on the HUD-1 Settlement Statements for each of the affected consumer/victims in that they each falsely indicate that payment was made to the prior mortgage note holder or to the seller of the property in violation of R.C. § 1322.07(E). In addition, the Division has determined that Respondent received money for brokering these mortgage loan transactions, even though the loan fund proceeds had not been distributed on behalf of the consumers/buyers in violation of R.C. § 1322.08(B).

Based upon the authority granted pursuant to R.C. § 1322.10(D), the Division has the authority, after notice and an opportunity for a hearing, to revoke a mortgage broker's certificate of registration if it determines that the registrant has acted in violation of the Ohio Mortgage Broker Act, R.C. §§ 1322.01 to 1322.12.

PROPOSED ACTION

Based upon the allegations and findings above, the Division intends to REVOKE the Mortgage Broker Certificate of Registration MB 0267 for PROFESSIONAL MORTGAGE CORP. and LEVY a FINE of \$20,000.

NOTICE OF OPPORTUNITY FOR A HEARING ON PROPOSED ACTION

Therefore, pursuant to R.C. Chapters 1322 and 119, Respondent is hereby notified that thirty-one (31) days from the date of the mailing of this Notice, the Superintendent intends to issue an ORDER REVOKING the mortgage broker certificate of registration MB 0267 for PROFESSIONAL MORTGAGE CORP. effective upon the issuance of this order, and to impose a FINE of \$20,000.

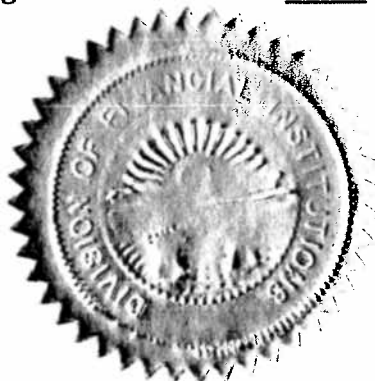
Respondent is further notified, pursuant to R.C. Chapter 119, that Respondent is entitled to a hearing on this matter. If Respondent desires to request a hearing, the request must be made in writing, and must be received in the offices of the Ohio Division of Financial Institutions within thirty (30) days of the time of the mailing of this Notice. Hearing requests should be addressed to:

State of Ohio
Department of Commerce
Division of Financial Institutions
Attn: Attorney Timothy C. Winslow
77 South High Street, 21st Floor
Columbus, Ohio 43215-6120

At the hearing, Respondent may appear in person, by Respondent's attorney, or by such other representative as is permitted to practice before the Agency, or Respondent may present its position, arguments, or contentions in writing, and, at the hearing, may present evidence and examine witnesses appearing for and against Respondent.

If the Ohio Division of Financial Institutions does not receive a written request for a hearing in its offices within thirty (30) days of the time of the mailing of this Notice, the Superintendent will issue an ORDER REVOKING the mortgage broker certificate of registration MB 0267 for PROFESSIONAL MORTGAGE CORP. and assessing a FINE of \$20,000.

Signed and Sealed this 4th day of March, 2005.



Robert M. Grieser
ROBERT M. GRIESER
Deputy Superintendent of Consumer Finance

Cc: Timothy C. Winslow, In House Counsel—Division of Financial Institutions
Emily Smith, Asst. Attorney General, Executive Agencies Section

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