

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

In the matter of:	)	
<b>AMERIBANC MORTGAGE, INC.</b>	)	Case No. 04-MB-R-01-01
<b>750 Brooksedge Blvd.</b>	)	
<b>Westerville, Ohio 43081</b>	)	<b>ORDER OF REVOCATION &amp; FINE</b>
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WHEREAS, 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; and

WHEREAS, Ameribanc Mortgage, Inc. ("Respondent") is an Ohio corporation registered with the Division as a mortgage broker pursuant to R.C. Chapter 1322 under the registration number MB 1479, with a business address of 750 Brooksedge Blvd., Westerville, Ohio 43081; and

WHEREAS, on February 3, 2004, the Division made service upon Respondent by U.S. certified mail as shown by return receipt of its Notice of Intent to Assess Fine and Revoke Mortgage Broker Certificate of Registration & Notice of Opportunity for a Hearing ("the Notice") to Ameribanc Mortgage, Inc.; and

WHEREAS, the Notice contained allegations and findings that:

(A) Michael A. Davis is the operations manager and president of Ameribanc Mortgage, Inc. and a corporate officer of Buckeye Land Title Agency, Inc. In June 2001 he informed Ohio Bar Title Insurance Co. (hereinafter OBT) that his title company was severing its relationship with OBT as its underwriter for title insurance. Notwithstanding the severance of this relationship, mortgage loans arranged by Respondent in 2002 and 2003 continued to denote Ohio Bar Title Insurance Co. as the title insurer, even though Respondent knew or should have known that such representations were false. 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).

(B) In the fall of 2003, Ameribanc Mortgage, Inc. arranged for the refinancing of a home mortgage loan for Michael Hitesman of Columbus, Ohio. Funds were transferred on October 31, 2003 by the proposed new lender, Mortgage Network, Inc., into the account of Ameribanc Escrow Co., an account on which Michael A Davis is the sole signatory. However, the payoff check to Washington Mutual, the holder of Mr.

Hitesman's prior mortgage, was returned due to insufficient funds. Despite assurances to Mr. Hitesman from Mr. Davis that the payment would be forthcoming, no payoff was ever made to Washington Mutual resulting in Mr. Hitesman facing competing claims of two mortgages on the same property.

(C) In the November 2003 refinancing of Margaret Suszek's Gahanna, Ohio home by Ameribanc Mortgage, Inc., the check drawn on the account of Ameribanc Escrow Co. to payoff her mortgage holder, Key Bank, was returned for insufficient funds and never paid, notwithstanding the fact that the new lender had transferred the funds to the account in order to make such payment.

(D) In November 2003 Fred and Susan Darst refinanced their home in Gahanna, Ohio through Respondent. The check of Ameribanc Escrow Co. to Union Savings Bank to payoff their previous mortgage, however, was never sent despite the fact that the new lender had transferred the funds to the account in order to make such payment.

(E) The Division has information that at least thirty-five other consumers who arranged home loan refinancings through Ameribanc Mortgage, Inc. during the period of October to December 2003, and whose refinancing funds were transferred to Ameribanc Escrow Co., have also never had their prior mortgage note holders paid.

(F) Respondent knew or should have known that the funds transferred to Ameribanc Escrow Co. were not properly being set aside for their intended purpose and were not available to be paid over to the prior mortgage note holders.

(G) The conduct of the Respondent as set forth in paragraphs (B) through (F) above constitutes a continued course of misrepresentation as well as improper and dishonest dealings in violation of R.C. § 1322.07(B) and (C).

(H) Respondent has since June 2001 often referred and placed its title business through Buckeye Land Title Agency, Inc. But despite having an affiliated business arrangement as that term is set forth in 12 U.S.C. § 2602(7) of the Real Estate Settlement Procedures Act (RESPA), Respondent failed to provide an Affiliated Business Arrangement Disclosure Statement to consumers as required by 24 CFR § 3500.15(b) in violation of 12 U.S.C. § 2607. Such a disclosure statement would have informed consumers of the connected business relationship between Ameribanc Mortgage, Inc. and Buckeye Land Title Agency, Inc. Respondent's failure to provide the disclosure required by RESPA constitutes improper and dishonest dealings in violation of R.C. § 1322.07(C).

WHEREAS, Ameribanc Mortgage, Inc. failed to respond and request a hearing in writing to the Division within thirty (30) days of its receipt of the above-referenced Notice of Opportunity for a Hearing in this matter as required by the notice provided pursuant to R.C. Chapter 119.

WHEREAS, in determining the fine set forth herein consideration was given to the seriousness of the violations; the registrant's good faith efforts to prevent the violation; the registrant's history of violations and compliance; and the Respondent's financial resources, as well as other relevant factors.


NOW THEREFORE, the Division adopts the facts set forth in the allegations as true, and finds and holds that the acts set forth therein establish that Respondent has engaged in conduct constituting a continued course of misrepresentation as well as improper and dishonest dealings in violation of R.C. § 1322.07(B) and (C).

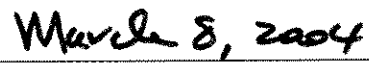
It is hereby ORDERED and DECREED that:

- A. Ameribanc Mortgage, Inc. knew or should have known that the representations after June 2001 that Buckeye Land Title Agency, Inc. was providing title insurance through Ohio Bar Title Insurance Co. were false, and such continued misrepresentations constitute a continued course of misrepresentation as well as improper and dishonest dealings in violation of R.C. § 1322.07(B) and (C).
- B. Ameribanc Mortgage, Inc. knew or should have known that the funds transferred to Ameribanc Escrow Co. by Mortgage Network Inc. in the fall of 2003 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).
- C. Ameribanc Mortgage, Inc. failed to provide consumers an Affiliated Business Arrangement Disclosure Statement disclosing the connected business relationship between Ameribanc Mortgage, Inc. and Buckeye Land Title Agency, Inc. as required by 24 CFR § 3500.15(b) in violation of 12 U.S.C. § 2607. Such failure to provide the disclosure required by RESPA constitutes improper and dishonest dealings in violation of R.C. § 1322.07(C).
- D. Ameribanc Mortgage, Inc. be and is hereby assessed a fine of \$100,000 pursuant to R.C. 1322.10(A)(2). Such fine shall be due and owing upon the entry of this Order and shall be made payable to the Ohio Superintendent of Financial Institutions for deposit in accordance with R.C. § 1322.21.

- E. Ameribanc Mortgage, Inc.'s mortgage broker certificate of registration, MB 1479, be and is hereby revoked, which revocation is immediate and effective upon execution by the Superintendent of the Division of Financial Institutions of this Order, and on such date it will become a final order.

IT IS SO ORDERED

  
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F. Scott O'Donnell  
Superintendent of Financial Institutions

  
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Date

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