

STATE OF OHIO
DEPARTMENT OF COMMERCE
Division of Financial Institutions
Consumer Finance

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|---------------------------------|---|--------------------------------------|
| In the matter of: |) | Case No. M2006-9993369 |
| |) | |
| LAKE SHORE MORTGAGE |) | <u>DIVISION ORDER</u> |
| BANC & LENDING, INC. |) | |
| 6902 Pearl Road, Suite 200 |) | Revocation of Mortgage Broker |
| Middleburg Heights, OH 44130 |) | Certificate of Registration |
| |) | & |
| |) | Notice of Appellate Rights |

WHEREAS, the Ohio Department of Commerce, by and through the Superintendent of the Division of Financial Institutions ("Division"), is charged with the responsibility of administering and enforcing the Ohio Mortgage Broker Act, as amended by Ohio Senate Bill 185 and codified in Ohio Revised Code ("R.C.") Chapter 1322, the Division finds that this order is necessary and appropriate, in the interest of the public, and is consistent with the purposes of the Ohio Mortgage Broker Act; and

WHEREAS, Lake Shore Mortgage Banc & Lending, Inc. ("Respondent") is a company that holds a certificate of registration to engage in business as a mortgage broker pursuant to R.C. Chapter 1322.; and

WHEREAS, on March 27, 2007, the Division issued Respondent a Notice which informed it that the Division had conducted an investigation of Respondent and, as a result thereof, alleged that:

1. In accordance with R.C. 1322.10(A)(1)(a), the superintendent of the Division may revoke a mortgage broker certificate of registration if the superintendent finds "a violation of or failure to comply with any provision of sections 1322.01 to 1322.12 of Revised Code or the rules adopted under those sections or any other law applicable to the business conducted under a certificate of registration."
2. Ohio Revised Code Section 5733.20 requires the Ohio Secretary of State to cancel a corporation's Articles of Incorporation upon certification by the Ohio Department of Taxation of such corporation's failure to file a return or failure to pay the appropriate tax or fee.
3. Ohio Revised Code Section 5733.20 provides that, upon cancellation, "all the powers, privileges, and franchises conferred upon such corporation by such articles of incorporation or by such certificate of authority shall cease," subject to Ohio Revised Code Section 1701.88 of the Revised Code, which proscribes that the corporation "shall cease to carry on business and shall do only such acts as are required to wind up its affairs, or to obtain reinstatement..."

4. On or about August 16, 2007, Respondent was notified by the Ohio Secretary of State that the Secretary has cancelled the Articles of Incorporation/Certificate of Authority issued to Respondent, in accordance with Ohio Revised Code Section 5733.20, due to Respondent's nonpayment of the corporate franchise tax within the time required by law.
5. As of the August 16, 2006, Respondent is no longer authorized to conduct business in the State of Ohio.
6. As a result of the findings listed above, the Division has determined that Respondent's certificate of registration should be revoked, pursuant to R.C. Section 1322.10(A)(1)(a).

WHEREAS, the Notice informed Respondent of the Division's intent to revoke Respondent's certificate of registration and of the opportunity for a hearing regarding the revocation if requested within thirty days from the mailing of the Notice. The Notice further cautioned Respondent that if the Ohio Division of Financial Institutions did not receive a written request for a hearing in its offices within thirty (30) days of the time of the mailing of the Notice, the Superintendent would issue an order revoking Respondent's certificate of registration;

WHEREAS, the Division was unable to obtain service upon Respondent at the address Respondent provided, and the Division published the Notice in accordance with R.C. Chapter 119 in the *Daily Legal News* for three (3) consecutive weeks;

WHEREAS, Respondent timely requested a hearing, which was initially scheduled for September 5, 2006, was continued until October 26, 2006, and was later continued in pursuance of settlement discussions;

WHEREAS, the Division finds that the allegations contained in the Notice are true and that Respondent's mortgage broker certificate of registration should be revoked;

Respondent, Lake Shore Mortgage Banc & Lending, Inc.'s mortgage broker certificate of registration is hereby revoked.

It is so ordered.

NOTICE OF RIGHT TO APPEAL

Respondent is hereby notified that this Order may be appealed, pursuant to R.C. 119.12, by filing a notice of appeal with the Ohio Division of Financial Institutions, setting forth the Order appealed from and the grounds for the appeal. A copy of such notice of appeal must also be filed with the court of common pleas of the county in which the place of business of the Respondent is located, or the county in which the Respondent is a resident. A notice of appeal must be filed within fifteen (15) days after the date of mailing of this Order.

Signed and sealed this 1st day of June 2007.

RICHARD F. KECK

Acting Deputy Superintendent for Consumer Finance
Division of Financial Institutions
Ohio Department of Commerce