

# SETTLEMENT AGREEMENT & CONSENT ORDER

**M2007-618 & 658**

by and between

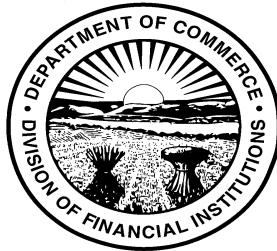
THE OHIO DEPARTMENT OF COMMERCE  
DIVISION OF FINANCIAL INSTITUTIONS

Consumer Finance Section  
77 South High Street, 21<sup>st</sup> Floor  
Columbus, OH 43215-6120

&

**ARTISAN MORTGAGE, LLC.**  
**dba Red Brick Mortgage**  
**9101 Antares Avenue**  
**Columbus, Ohio 43240**

This Settlement Agreement & Consent Order is a legally binding document that affects the rights of your mortgage brokerage and mortgage loan company. Read it carefully. If you have any questions, consult an attorney.



If you choose to enter into this Settlement Agreement & Consent Order, you must follow it EXACTLY. If you fail to follow any one filing instruction or any one provision of the Settlement Agreement & Consent Order, the Division may reject it.

**All of the following must be completed and RETURNED to the Division no later than December 29, 2007:**

- ☐ **All pages of this Settlement Agreement & Consent Order, including this cover page, must remain attached.**
- ☐ The Settlement Agreement & Consent Order must be signed by: the owner if the mortgage broker/lender applicant is a sole proprietor; all partners if the applicant is a partnership; at least one member if a limited liability company; and the president and secretary, as duly authorized by resolution of the board of directors, if the applicant is a corporation. The ORIGINAL, signed Settlement Agreement & Consent Order with all pages attached must be returned. Keep a copy for your records.
- ☐ A cashier's check or money order in the amount of \$25,000 made payable to "DFI Consumer Finance."

# **SETTLEMENT AGREEMENT & CONSENT ORDER**

**M2007-618 & 658**

This Settlement Agreement & Consent Order is entered into by and between:

THE OHIO DEPARTMENT OF COMMERCE  
DIVISION OF FINANCIAL INSTITUTIONS

Consumer Finance Section

77 South High Street, 21<sup>st</sup> Floor  
Columbus, OH 43215-6120

Hereinafter referred to as "DFI."

&

**Artisan Mortgage, LLC.**  
**Dba Red Brick Mortgage**  
**9101 Antares Avenue**  
**Columbus, Ohio 43240**

Hereinafter referred to as "Respondent."

DFI is a state agency charged with the responsibility of administering and enforcing the Ohio Mortgage Broker Act ("OMBA"), codified in Chapter 1322 of the Ohio Revised Code ("R.C.") and the Ohio Mortgage Loan Act ("OMLA"), codified in Chapter 1321 of the R.C.. Respondent is a limited liability company that has applied to the Division for certificates of registration issued by DFI to engage in business as a mortgage broker pursuant to R.C. Chapter 1322 and to make loans pursuant to R.C. Chapter 1321. After conducting an investigation, DFI discovered violations of the OMBA and the OMLA. On October 26, 2007, the Division issued its notices of intent to deny both applications. Respondent timely requested hearings on both notices. In lieu of continuing with formal administrative proceedings, Respondent and DFI have moved to resolve all issues and violations by entering into this Settlement Agreement & Consent Order.

Respondent voluntarily enters into this Settlement Agreement & Consent Order being fully informed of its right to representation by counsel, and its right to reject this Settlement Agreement & Consent Order, and said rejection may result in the continuation of proceedings pursuant to R.C. Chapter 119 on the issues considered herein.

This Settlement Agreement & Consent Order contains the entire Agreement between the parties. There is no other Settlement Agreement & Consent Order of any kind, verbal or otherwise, on the issues considered herein, which varies the terms of the Settlement Agreement & Consent Order.

### **AGREEMENTS AND UNDERSTANDINGS**

This Settlement Agreement & Consent Order is entered into on the basis of the following stipulations and understandings:

- A. DFI is authorized by R.C. 1322.10(A)(1)(a) to refuse to issue a mortgage broker certificate of registration if DFI finds that the registrant has violated “or fail[ed] to comply with any provision of sections 1322.01 to 1322.12 of the Revised Code or the rules adopted under those sections or any other law applicable to the business conducted under a certificate of registration[.]”
- B. DFI is authorized by R.C. 1321.54(B) to refuse to issue a mortgage loan certificate of registration if DFI finds that the registrant has violated the Ohio Mortgage Loan Act.
- C. Respondent admits that it violated R.C. 1322.02(A)(1) by acting as a mortgage broker without having first obtained a certificate of registration.
- D. Respondent admits that it violated R.C. 1321.52(A)(1)(a) by holding itself out as engaged in the business of making loans secured by a mortgage on a borrower’s real estate which were other than a first lien on the real estate without having first obtained a certificate of registration.
- E. Respondent admits that it violated R.C. 1322.52(A)(1)(b) by engaging in the business of lending money and securing that loan by a mortgage on a borrower’s real estate which were other than a first lien on the real estate without having first obtained a certificate of registration.
- F. Because of Respondent’s violations of law as outlined in paragraphs C, D, and E, DFI has the authority to refuse to issue Respondent’s mortgage broker and mortgage loan certificates of registration.
- G. Despite Respondent’s admissions listed in paragraphs C, D, and E, Respondent states that it had no intent to violate the Ohio Mortgage Broker Act when it entered into the management agreement with Red Brick Mortgage, LLC. Respondent believed that at the time it entered into the management agreement that it could lawfully operate under Red Brick Mortgage, LLC’s mortgage broker certificate of registration.
- H. DFI stipulates that the bases of its notices were not based in any part on any consumer complaint or fraudulent mortgage transaction.

- I. All parties enter into this Settlement Agreement & Consent Order in lieu of continuing with formal proceedings under R.C. Chapter 119.
- J. Respondent, for the violations of law listed in paragraphs C, D, and E, agrees to pay a fine of twenty-five thousand dollars (\$25,000.00). Payment of the fine shall be in the form of a **cashier's check or money order**, made payable to "DFI Consumer Finance," and shall be submitted to DFI with this Settlement Agreement & Consent Order.
- K. DFI terminates its notices of intent to deny mortgage broker and mortgage loan certificate of registration applications (case nos. M2007-618 and 658). If Respondent complies with all other terms and conditions for the approval of its pending applications, DFI will issue a mortgage broker certificate of registration with an expiration date of April 30, 2008 and a mortgage loan certificate of registration with an expiration date of June 30, 2008. Respondent's failure to meet all of the terms and conditions for the issuance of either a mortgage broker certificate of registration or mortgage loan certificate of registration will not prevent the other from being issued.
- L. DFI expressly reserves the right to institute formal proceedings based upon any violation of or noncompliance with any provision of the OMBA not specifically addressed herein, whether occurring before, on, or after the effective date of this Settlement Agreement & Consent Order.
- M. Respondent understands and agrees that if Respondent fails to follow any term of this Settlement Agreement & Consent Order or any filing instruction, DFI may reject the Settlement Agreement & Consent Order and continue with formal proceedings under R.C. Chapter 119.
- N. Should DFI discover that Respondent has provided DFI with false, fraudulent, misleading, or incomplete information pertaining to this Agreement, Respondent agrees that such evidence will firmly establish that Respondent's character and general fitness do not command the confidence of the public and warrant the belief that it will conduct business honestly and fairly in compliance with the purposes of the OMBA. Respondent further agrees that such discovery is grounds for permanent revocation of its mortgage broker and mortgage loan certificates of registration.
- O. The above-described terms, conditions, and limitations may be amended or terminated at any time upon the written agreement of both parties.

#### **ACKNOWLEDGMENTS/LIABILITY RELEASE**

Respondent acknowledges that it has been advised by DFI to seek legal counsel if it has any question concerning the terms and/or effect of this Settlement Agreement & Consent Order.

Respondent hereby releases DFI, its members, employees, agents, officers and representatives jointly and severally from any and all liability arising from the within matter. Respondent shall not seek attorney fees or other costs arising from the within matter.

This Settlement Agreement & Consent Order shall be considered a public record as that term is used in R.C. 149.43, and may be reported to appropriate organizations, data banks, and governmental bodies, or released to the general public.

This Settlement Agreement & Consent Order in no way binds or limits actions DFI may take with respect to Respondent or any other person, individual, or company, for the same or similar future violations.

### **EFFECTIVE DATE**

It is expressly understood that this Settlement Agreement & Consent Order shall become effective upon the last date of signature below.

The Settlement Agreement & Consent Order must be signed by: the owner if the mortgage broker registrant is a sole proprietor; all partners if the registrant is a partnership; at least one member if a limited liability company; and the president and secretary, as duly authorized by resolution of the board of directors, if the registrant is a corporation. **The ORIGINAL, signed Settlement Agreement & Consent Order with all pages attached must be returned.** Keep a copy for your records.

PRINTED Name of authorized signor #1:

\_\_\_\_\_ Date

SIGNATURE of authorized signor #1:

\_\_\_\_\_ Date

PRINTED Name of authorized signor #2:

\_\_\_\_\_ Date

SIGNATURE of authorized signor #2:

\_\_\_\_\_ Date

PRINTED Name of authorized signor #3:

\_\_\_\_\_ Date

SIGNATURE of authorized signor #3:

\_\_\_\_\_ Date

PRINTED Name of authorized signor #4:

\_\_\_\_\_ Date

SIGNATURE of authorized signor #4:

\_\_\_\_\_ Date

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JOHN KOZICH                      DATE  
Attorney for Respondent

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LEIGH WILLIS                      DATE  
Deputy Superintendent for Consumer Finance  
Ohio Division of Financial Institutions

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MARK L. RHEA                      DATE  
Consumer Finance Licensing Attorney  
Ohio Division of Financial Institutions