

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

In the matter of:)	Case No. M2008-51
)	
FRANKLIN MORTGAGE, INC.)	Notice of Intent to Revoke Mortgage Broker
2020 Brice Road)	Certificate of Registration and Impose a Fine
Reynoldsburg, Ohio 43068)	&
)	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 administering and enforcing the Ohio Mortgage Broker Act, codified in Ohio Revised Code ("R.C.") Chapter 1322. In accordance therewith, the Division is accountable for the registration of mortgage brokers.

RESPONDENT

FRANKLIN MORTGAGE, INC. ("Respondent") is a company that held a certificate of registration to engage in business as a mortgage broker pursuant to R.C. Chapter 1322. Respondent's mortgage broker certificate of registration expired on April 30, 2008, and Respondent did not file an application to renew its certificate of registration. Respondent's business address of record is 2020 Brice Road, Reynoldsburg, Ohio 43068.

NOTICE OF PROPOSED ACTION

In accordance with sections 1322.04 and 1322.10 of the R.C., and R.C. Chapter 119, the Division intends to REVOKE Respondent's mortgage broker certificate of registration and impose a FINE.

BASIS FOR PROPOSED ACTION

The Division has conducted an investigation of Respondent, pursuant to R.C. 1322.10(B), and has found the following:

- A. The Division is authorized by R.C. 1322.10(A)(1)(a) to revoke a registrant's mortgage broker certificate of registration if the Division finds that the registrant has violated "or failed 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. The Division is authorized by R.C. 1322.10(A)(2) to "[i]mpose of fine of not more than one thousand dollars, for each day a violation of law or rule is committed, repeated or continued. If the registrant or licensee engages in a pattern of repeated violations of law or rule, the Division may impose a fine of not more than two thousand dollars for each day the violation is committed, repeated, or continued."
- C. R.C. 1322.02(A) requires registrants to maintain an office in the State of Ohio in order to transact business as a mortgage broker within the State of Ohio.

- D. Pursuant to Ohio Admin. Code 1301:8-7-02(E) a certificate of registration must be obtained for every office that is maintained for the transaction of mortgage broker business in the State of Ohio and for every location held out as a location where the registrant, an employee of the registrant or any agent of the registrant provides mortgage broker services.
- E. In or around August/September 2007, Respondent moved away from its registered office located at 2020 Brice Road, Reynoldsburg, Ohio 44068.
- F. In or around August/September 2007, the Division had not granted Respondent the authority to transact mortgage broker business at a location other than at the 2020 Brice Road address.
- G. In or around August/September 2007 Respondent continued to transact mortgage broker business by providing mortgage broker services at unauthorized unregistered locations thereby holding out these locations as authorized registered locations.
- H. In or around February 2008, Respondent's operations manager, Jenny J. Eversole, admitted to the Division that since about September 1, 2007 Respondent transacted all its mortgage broker business at locations other than the 2020 Brice Road location.
- I. Respondent's records indicate that between August 2007 and February 2008 Respondent provided mortgage broker services for three buyers of owner occupied residences and received monetary compensation for its mortgage broker services.
- J. On or about August 18, 2007 Respondent executed an Ohio Mortgage Loan Origination Disclosure Statement ("MLOD") with buyers Egenreider which indicated the location of the mortgage broker as 200 Campus View Drive, Suite 200.
- K. On or about September 17, 2007, Respondent was paid \$1,689.75 for brokering the Egenreider loans.
- L. On or about November 12, 2007 Respondent executed a MLOD with buyers Holler which indicated the location of the mortgage broker as 455 Waggoner Road.
- M. On or about December 17, 2007 Respondent was paid \$2,056.50 for brokering the Holler loan.
- N. On or about January 13, 2008 Respondent executed a MLOD with buyers Fearing which indicated the location of the mortgage broker as 2020 Brice Road.
- O. On or about February 5, 2008 Respondent was paid \$1,722.67 for brokering the Fearing loan.

As a result of the findings listed above, the Division has determined that:

- 1. Respondent violated R.C. 1322.02(A) by transacting mortgage broker business and providing mortgage broker services at unauthorized unregistered locations.
- 2. Respondent violated R.C. 1322.02(A) by failing to maintain its registered mortgage broker office.
- 3. Respondent violated Ohio Admin. Code 1301:8-7-02(E) by transacting mortgage broker business and providing mortgage broker services at locations without obtaining certificates of registration for each location.

4. Respondent violated R.C. 1322.07(C) by holding out unregistered locations as authorized locations to provide mortgage broker services.
5. Respondent violated R.C. 1322.07(C) by indicating that its mortgage broker services were being provided at the authorized location even though Respondent no longer occupied the authorized location.
6. Because Respondent committed repeated and continued violations of R.C. 1322.02(A), Ohio Admin. Code 1301:8-7-02(E) and R.C. 1322.07(C), the Division may impose a two thousand dollar (\$2,000.00) fine for each of Respondent's violations.
7. Because Respondent violated R.C. 1322.02(A), Ohio Admin. Code 1301:8-7-02(E) and R.C. 1322.07(C), Respondent's mortgage broker certificate of registration should be revoked and a fine of six thousand dollars (\$6,000.00) should be imposed.

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 denying Respondent's renewal application and imposing a six thousand dollar (\$6,000.00) fine under the Ohio Mortgage Broker Act.

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: Ohio Division of Financial Institutions, Attn: Lori A. Massey, Consumer Finance Attorney Examiner, 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. At the hearing, a corporation must have a representative that is permitted to practice before the Agency, such as an attorney.

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 Respondent's mortgage broker certificate of registration and imposing a six thousand dollar (\$6,000.00) fine.

Signed and sealed this 6th day of May, 2008.

LEIGH A. WILLIS

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