

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

In the matter of:	)	Case No. M2007-315
	)	
<b>HONOR FINANCIAL GROUP, INC.</b>	)	<b>Notice of Intent to Revoke Mortgage Broker</b>
2068 West 4 <sup>th</sup> Street	)	<b>Certificate of Registration and Impose a Fine</b>
Mansfield, Ohio 44906	)	<b>&amp;</b>
	)	<b>Notice of Opportunity for a Hearing</b>
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**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**

**HONOR FINANCIAL GROUP, 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. Respondent's mortgage broker certificate of registration is currently in suspended status pursuant to Division Case No. M2008-604. Respondent's business address of record is 2068 West 4<sup>th</sup> Street, Mansfield, Ohio 44906.

**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 refuse to renew an applicant's mortgage broker certificate of registration if the Division finds that the applicant 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(B) prohibits any person from acting as a "loan officer" without first having obtained a license from the superintendent.

- D. R.C. 1322.01(E) defines “loan officer” as an employee who originates mortgage loans in consideration of direct or indirect gain, profit, fees or charges.
- E. In or around January 2006, Marsha R. Gibbs applied for a “Mortgage Broker” position with Respondent. Respondent hired Gibbs as a “mortgage consultant” in 2006 and had her sign three documents stating that she understands Respondent’s “commission scale” and another document stating that she understands Respondent’s “Production Incentive Program.”
- F. On March 8, 2006, the Division received a loan officer license application from Gibbs. The application listed Respondent as her employer. On September 25, 2006, Gibbs’ application was withdrawn pursuant to R.C. 1322.031(D) due to Gibbs’ failure to submit certain information to complete the application.
- G. Respondent’s records indicate that between April and November 2006, Gibbs originated or acted as a loan officer on behalf of Respondent on nine (9) loan transactions.
- H. Respondent’s records indicate that in 2006 Respondent paid Gibbs commissions and other wages in excess of twenty-two thousand dollars (\$22,000.00) for brokering mortgage loans on Respondent’s behalf even though Gibbs did not hold a loan officer license.
- I. For the loans that Gibbs originated or acted as a loan officer on behalf of Respondent, Respondent received mortgage broker fees of twenty-seven thousand six hundred seventy-nine dollars and ninety-five cents (\$27,679.95).
- J. On December 13, 2006, the Division received a second loan officer license application from Gibbs. The application listed Respondent as her employer. A loan officer license (LO.030476.001) was issued to Gibbs on December 22, 2006.

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

- 1. Respondent violated R.C. 1322.02(B) by permitting an unlicensed person to act as a loan officer and to originate mortgage loans for direct or indirect gain, profit, fees or charges.
- 2. Respondent violated R.C. 1322.07(C) by holding out an unlicensed individual to the public as a person permitted to act as a loan officer.
- 3. Because Respondent committed repeated and continued violations of R.C. 1322.02(B) and 1322.07(C), the Division may impose a two thousand dollar (\$2,000.00) fine for each of Respondent’s violations.
- 4. Because Respondent violated R.C. 1322.02(B) and R.C. 1322.07(C), Respondent’s mortgage broker certificate of registration should be revoked pursuant to 1322.10 (A)(1)(a) and a fine should be imposed pursuant to R.C. 1322.10(A)(2).
- 5. A fine in the amount of eighteen thousand dollars (\$18,000.00) is reasonable, appropriate, and necessary.

**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 Respondent's certificate of registration and ordering payment of an eighteen thousand dollar (\$18,000.00) 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: Anthony D. Siciliano, Consumer Finance General Counsel, 77 South High Street, 21<sup>st</sup> 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 certificate of registration and ordering payment of an eighteen thousand dollar \$18,000.00 fine.

Signed and sealed this 22<sup>nd</sup> day of January, 2009.

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**LEIGH A. WILLIS**

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