

CHECK NO 2863
AMOUNT \$4000.00
DATE 09-30-02
REC. BY ayf

**CONSENT AGREEMENT
BETWEEN
LAKE SHORE MORTGAGE BANC & LENDING, INC.
AND
THE OHIO DIVISION OF FINANCIAL INSTITUTIONS**

This Consent Agreement is entered into by and between Lake Shore Mortgage Banc & Lending, Inc. and the Ohio Division of Financial Institutions ("DFI"), a state agency charged with enforcing the Ohio Mortgage Broker Act ("OMBA"), codified in Chapter 1322 of the Ohio Revised Code ("R.C.").

Lake Shore Mortgage Banc & Lending, Inc. enters into this Consent Agreement being fully informed of its rights under R.C. Chapter 119, including the right to representation by counsel and the right to a formal adjudicative hearing on the issues considered herein.

BASIS FOR ACTION

This Consent Agreement is entered into on the basis of the following stipulations, admissions and understandings:

- A. DFI is empowered by R.C. 1322.04(A) to issue an applicant a mortgage broker certificate of registration only if DFI finds, *inter alia*, that "[t]he applicant complies with [the Ohio Mortgage Broker Act,]" and that "[t]he applicant's financial responsibility, experience, character, and general fitness command the confidence of the public and warrant the belief that the business will be operated honestly and fairly in compliance with the purposes of [the Ohio Mortgage Broker Act]." R.C. 1322.04(A)(6), (10).
- B. DFI is empowered by R.C. 1322.10(A)(1)(a) to refuse to issue an applicant a mortgage broker certificate of registration if DFI finds "[a] violation of or failure to comply with any provision of [the Ohio Mortgage Broker Act] or the rules adopted under [the Ohio Mortgage Broker Act] or any other law applicable to the business conducted under a certificate of registration[.]"
- C. R.C. 1322.02(A)(1) states that "[n]o person *** shall act as a mortgage broker without first having obtained a certificate of registration from [DFI] for every office to be maintained by the person for the transaction of business as a mortgage broker in this state." (Emphasis added.) Violation of this statute is a felony. R.C. 1322.99(A).
- D. DFI is empowered by R.C. 1322.10(A)(2) to "[i]mpose a fine of not more than one thousand dollars, for each day a violation of a law or rule is committed, repeated, or continued[,]" or, "[i]f the registrant *** engages in a pattern of repeated violations[,]" then "not more than two thousand dollars for each day the violation is committed, repeated, or continued."

- E. DFI enters into this Consent Agreement in lieu of formal proceedings under R.C. Chapter 119 to deny the branch office application for a mortgage broker certificate of registration submitted by Lake Shore Mortgage Banc & Lending, Inc. on the basis of the admitted violations of the Ohio Mortgage Broker Act as set forth in Paragraph F below. DFI expressly reserves the right to institute formal proceedings based upon any violation of the OMBA, whether occurring before or after the effective date of this Agreement.
- F. Lake Shore Mortgage Banc & Lending, Inc. submitted an application for a mortgage broker certificate of registration for a branch office location of 653 1/2 Main Street, Suite 10, in the city of Vermilion, state of Ohio; that application is still pending.
- G. Lake Shore Mortgage Banc & Lending, Inc. admits that it violated R.C. 1322.02(A)(1) by acting as a mortgage broker at the proposed office location described in Paragraph F above, "without first having obtained a certificate of registration[.]"
- H. Lake Shore Mortgage Banc & Lending, Inc. represents that the only illegal or prohibited activity the company participated in which is related to the business of mortgage lending is that listed in Paragraph G above.
- I. Lake Shore Mortgage Banc & Lending, Inc. takes full responsibility for its illegal conduct described in Paragraph G, but submits that this incident is not representative of the corporation's character, and general fitness. Lake Shore Mortgage Banc & Lending, Inc. further submits that, if it is granted a mortgage broker certificate of registration for the office location described in Paragraph F, it will fully comply with the Ohio Mortgage Broker Act, the rules related to the Act, and any and all state and federal laws related to the business of mortgage brokering.

AGREED CONDITIONS

Wherefore, in consideration of the foregoing and mutual promises hereinafter set forth, and in lieu of any formal proceedings at this time, Lake Shore Mortgage Banc & Lending, Inc. knowingly and voluntarily agrees with DFI to the following terms, conditions and limitations:

- 1. Lake Shore Mortgage Banc & Lending, Inc. agrees to pay a fine of four thousand dollars (\$4,000.00), on the effective date of this agreement, as a penalty for its violation of the OMBA.
- 2. DFI shall issue Lake Shore Mortgage Banc & Lending, Inc. a mortgage broker certificate of registration for 653 1/2 Main Street, Suite 10, Vermilion, Ohio.

3. Should DFI discover that Lake Shore Mortgage Banc & Lending, Inc. has provided DFI with false, fraudulent, misleading, or incomplete information pertaining to this agreement or its application for a certificate of registration for its proposed branch office location, Lake Shore Mortgage Banc & Lending, Inc. agrees that such evidence will firmly establish that the corporation'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. Lake Shore Mortgage Banc & Lending, Inc. further agrees that such discovery is grounds for permanent revocation of each of the corporation's certificate of registration.

The above-described terms, conditions and limitations may be amended or terminated in writing at any time upon the agreement of both parties.

FAILURE TO COMPLY

If, in the discretion of DFI, Lake Shore Mortgage Banc & Lending, Inc. appears to have violated or breached any term or condition of this Consent Agreement, DFI reserves the right to institute formal disciplinary proceedings for any and all possible violations or breaches, including but not limited to, alleged violations of the laws of Ohio occurring before the effective date of this Consent Agreement.

ACKNOWLEDGMENTS/LIABILITY RELEASE

Lake Shore Mortgage Banc & Lending, Inc. acknowledges that it has had an opportunity to ask questions concerning the terms of this Consent Agreement and that all questions asked have been answered in a satisfactory manner.


Any action initiated by DFI based on alleged violations of this Consent Agreement shall comply with the Ohio Administrative Procedure Act, codified in R.C. Chapter 119.

Lake Shore Mortgage Banc & Lending, Inc. hereby releases DFI, its members, employees, agents, officers and representatives jointly and severally from any and all liability arising from the within matter.

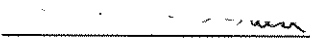
This Consent Agreement shall be considered a public record as that term is used in R.C. 149.43, and may be reported to appropriate organizations, data banks, and governmental bodies, or released to the general public.

EFFECTIVE DATE

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


EDWARD S. BIRO, President
Lake Shore Mortgage Banc & Lending, Inc.


Date


ROBERT M. GRIESER
Deputy Superintendent for Consumer Finance
Ohio Division of Financial Institutions


Date


AMANDA M. AXTELL
In House Counsel—Consumer Finance


Date

Lake Shore Mortgage

BANK AND LENDING, INC.
DBA LAKEVIEW MORTGAGE

PH. 440-899-7872
24500 CENTER RIDGE RD., STE. 295
WESTLAKE, OH 44145

2863

6-7041/2410
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DATE

11/27/02

PAY
TO THE
ORDER OF

State of Ohio
Five thousand and no/100
Payable to Principal Transactions \$4000

DOLLARS

CHARTER ONE
BANK

Bay Village Branch

chartersone.com

FOR Kenneth L. Lusk

Samuel S. R.

MP

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