

STATE OF OHIO
DEPARTMENT OF COMMERCE
DIVISION OF FINANCIAL INSTITUTIONS

77 South High Street, 21st Floor
Columbus, Ohio 43215-6120

CHECK NO. 349 9945 070
AMOUNT \$500
DATE JUL 22 2004
REC. BY [Signature]

In the matter of:

**BLUEGRASS MORTGAGE
SERVICES, INC.**

dba National Mortgage Funding
7000 Houston Road, Suite 31
Florence, KY 41042

)
)
) Case No. 04-NOV-415

)
) **SETTLEMENT AND
CONSENT ORDER**
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)

WHEREAS, the Ohio Department of Commerce, by and through the Superintendent of the Division of Financial Institutions ("Division"), is charged with the responsibility of enforcing the Ohio Mortgage Broker Act, codified in Ohio Revised Code ("R.C.") Chapter 1322; and

WHEREAS, Bluegrass Mortgage Services, Inc. dba National Mortgage Funding ("Respondent") is registered as a foreign corporation in Ohio and holds an active mortgage broker certificate of registration issued by the Division pursuant to R.C. Chapter 1322. The business address of record for Respondent's main office is 7000 Houston Road, Suite 31, Florence, KY 41042 which operates under certificate of registration MB# 1390. Respondent has branch offices at 2770 Mack Road, Fairfield, OH 45014 which operates under certificate of registration MB#4322, and 7225 Colerain Avenue, Suite 6, Cincinnati, OH 45239 which operates under certificate of registration MB#4387; and

WHEREAS, on June 14, 2004, the Division sent via certified mail a Notice of Violation ("the Notice") to Bluegrass Mortgage Services, Inc. ("Respondent") to its main office business address; and

WHEREAS, the Notice contained allegations and findings that:

(A) In 2004, Respondent sent out a direct mailing to potential customers seeking to solicit business. The mailing consisted of a letter titled: "REGISTERED LETTER Confirmation oh/ky6452." The letter states as a subtitle: "Virinda Doddy: You are Pre-selected!!!!* To lower your DBA Novelle Financial Services Interest Rate!" The body of the letter is an advertisement for services by Bluegrass Mortgage Services. The letter came in an envelope designed to resemble an official government mailing and states above the address: "Important Information Regarding Tax Parcel #71M-3412."

(B) The direct mailing at issue distributed to solicit business was an advertisement pursuant to rules of the Division governing mortgage brokers. (O.A.C. § 1301:8-7-07(B)).

(C) Said mailing of Respondent constitutes improper, fraudulent, or dishonest dealings and violates R.C. 1322.07(C) in that it is believed that the use of the terms "Administrative Offices," "tax parcel #," and the general appearance of the envelope were used in order to make the receiver believe that the direct mailing is official correspondence from the government.

(D) Said mailing of Respondent failed to state an address on the face of the letter for the Registrant as listed on the certificate of registration in violation of R.C. 1322.09 and O.A.C. 1301:8-7-07(A)(2).

WHEREAS, Bluegrass Mortgage Services, Inc. admits the allegations of the Division but avers the violation was due to error not intent, and further, to avoid the cost and uncertainty of litigation Respondent agrees to enter into this Consent Order for purposes of settlement.

NOW THEREFORE, in consideration of the foregoing and the mutual promises set forth herein, the parties agree to the following:

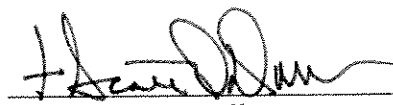
- 1) The parties acknowledge and agree to the accuracy of the foregoing recitals.
- 2) This Settlement and Consent Order represents a compromise between the parties for the full, complete, and final settlement of all of their claims, differences, and causes of action with respect to the allegations contained in the Notice.
- 3) The parties agree that the terms of this Settlement and Consent Order bind the parties hereto, and their shareholders, partners, members, assigns, and successors in interest.
- 4) The Division hereby terminates the Notice of Violation issued June 14, 2004, and agrees that it shall not, as long as Respondent is in compliance with this Settlement and Consent Order pursue the matters set forth in such Notice through its administrative process. Nothing, however, in this order shall be deemed to prevent the Division or its employees, agents, or assigns from participating in, as a witness or otherwise, any lawful action by another, or obeying any lawful court order, arising out of or related to the matters set forth in the Notice.
- 5) Respondent acknowledges lawful service and receipt of the Notice, and stipulates to the jurisdiction of the Division in this matter.
- 6) The Respondent hereby agrees to forego its administrative remedies, and waive any and all rights to an administrative hearing, as well as any right to appeal this matter or order.
- 7) This Settlement and Consent Order shall be effective on the date it is signed by the Superintendent of the Division of Financial Institutions and on such date it will become a final order.

- 8) This Settlement and Consent Order contains the entire agreement between the parties as to the matters set forth herein and no promises, conditions or obligations, either expressed or implied, other than those set forth herein, shall be binding on either party.

For purposes of effecting this Settlement and Consent Order, it is hereby ORDERED and DECREED that:

- A. The parties to this Settlement and Consent Order shall abide by the terms of this order as agreed.
- B. The Respondent shall cease and desist from soliciting business through advertisements, including the use of direct mail without setting forth its address, in violation of the Ohio Mortgage Broker Act, R.C. § 1322.01 et seq. and the rules thereunder and shall conform its advertisements in the future to all requirements of state law.
- C. The Respondent is hereby assessed a fine in the amount of One Thousand Dollars (\$1,000), half of which shall be suspended upon the Respondent's full compliance with this order during the proceeding five years. Respondent shall pay the unsuspended amount of Five Hundred Dollars (\$500) to the Consumer Finance Fund pursuant to R.C. § 1322.21 within ten days of the effective date of this Settlement and Consent Order. Payment shall be made by certified check or money order made payable to the Ohio Division of Financial Institutions delivered to the Division's counsel.


The Respondent understands that any breach of this Settlement and Consent Order will subject the Respondent to the immediate payment of the suspended portion of the fine set forth herein and may result in the reinstitution of administrative proceedings, including suspension or revocation, the imposition of additional fines and any other remedy available to the Division.


F. Scott O'Donnell
Superintendent of Financial Institutions

8/6/04
Date

Approved and Agreed

Bluegrass Mortgage Services, Inc.

By: 
Its: President

7-16-04
Date