

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

In the matter of:)	Case No. M2008-328
)	
RENE L. MORRIS)	NOTICE OF INTENT TO IMPOSE A FINE
3240 N. Montgomery County Line Road)	&
Englewood, Ohio 45322)	NOTICE OF OPPORTUNITY FOR 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

RENE L. MORRIS ("Respondent") is an individual who held a loan officer license 006922 issued pursuant to R.C. Chapter 1322. Respondent's loan officer license expired on April 30, 2008, and Respondent filed an application to renew her loan officer license. Respondent's home address of record is 3240 N. Montgomery County Line Road, Englewood, Ohio 45322. Respondent has no employer of record.

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 FINE Respondent.

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)(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."
- B. The Division is authorized by R.C. 1322.06(A) to examine mortgage broker records that "[pertain] to business transacted pursuant to sections 1322.01 to 1322.12 of the Revised Code."
- C. Ohio Admin. Code 1301:8-7-13(F) provides that if, "[a]s part or in the furtherance of any examination pursuant to division (A) of section 1322.06[,] . . . the superintendent or his authorized representatives requests a written response . . .the . . .registrant, licensee . . .

shall deliver a written response and any requested information with the time period specified in the request.”

- D. R.C. 1322.072 prohibits a registrant from knowingly failing to cooperate with an investigation.
- E. R.C. 1322.06(B) requires registrants to “maintain records pertaining to business transacted pursuant to sections 1322.01 to 1322.12 of the Revised Code” and prohibits registrants from failing to comply.
- F. R.C. 1322.062(A)(1) requires “[w]ithin three (3) business days after taking an application for a loan [the delivery of] a mortgage loan origination disclosure statement [to the buyer] that contains” all the information indicated therein.
- G. R.C. 1322.08(A)(1) and Ohio Admin. Code 1301: 8-7-05(A) require registrants to maintain a special account to pay bona fide third-party fees.
- H. Since at least 2003, Respondent has been the President, sole shareholder and designated operations manager of Arsprings Financial, Inc. (“Arsprings”), MB.802704.
- I. From 2003 until the present, Respondent made no indication of any change in ownership on the annual renewal applications for Arsprings submitted to the Division.
- J. As the operations manager of Arsprings, Respondent was responsible for the day to day operations of Arsprings and compliance with R.C. Chapter 1322 and the rules adopted thereunder. See, R.C. 1322.01(H), R.C. 1322.03(A)(3) and Ohio Admin. Code 1301:8-7-02(L).
- K. In a compliance examination conducted pursuant to R.C. 1322.06 on or about February 26, 2007, it was determined that Arsprings failed to maintain final settlement statements in chronological order as required by Ohio Admin. Code 1301:8-7-06(A).
- L. In a compliance examination conducted pursuant to R.C. 1322.06 on February 26, 2008, it was determined that Arsprings failed to disclose all the information required by R.C. 1322.062(A)(1).
- M. In a compliance examination conducted pursuant to R.C. 1322.06 on or about February 26, 2007, it was determined that Arsprings was not maintaining the special account required by R.C. 1322.08(A) and Ohio Admin. Code 1301:8-7-05.
- N. On April 23, 2007, the Division issued a compliance examination letter to Respondent at Arsprings’s address of record outlining the issues uncovered in the February 26, 2007 compliance examination and requesting a written response within thirty days. Respondent failed to respond to the Division’s April 23, 2007 letter, which was not returned by the U.S. Postal Service to the Division.

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

- 1. Respondent was responsible for compliance with Chapter 1322 at Arsprings.
- 2. Respondent failed to maintain records related to mortgage broker business transactions in compliance with R.C. 1322.06.

3. Respondent failed to provide buyers with mortgage loan origination disclosure statements that contained all information required by R.C. 1322.062(A)(1).
4. Respondent failed to maintain a special account to pay bona fide third party fees as required by R.C. 1322.08(A) and Ohio Admin. Code 1301: 8-7-05(A).
5. Respondent failed to deliver a written response to a compliance examination letter as requested by the Division within the time frame specified in violation of Ohio Admin. Code 1301: 8-7-13(F).
6. Respondent's failure to respond to the compliance examination letter issued by the Division constitutes a violation of R.C. 1322.072.
7. Because Respondent violated R.C. 1322.06, R.C. 1322.062(A)(1), R.C. 1322.08(A), Ohio Admin. Code 1301: 8-7-05(A), Ohio Admin. Code 1301: 8-7-13(F), and R.C. 1322.072, the Division is authorized under R.C. 1322.10(A)(2) to impose a fine upon Respondent.
8. A fine in the amount of four thousand dollars (\$4,000.00) 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 to Respondent ordering payment of a four thousand dollar (\$4,000.00) 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 to Respondent ordering payment of a four thousand dollar (\$4,000.00) fine.

Signed and sealed this 17th day of September, 2008.

LEIGH A. WILLIS

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