

STATE OF OHIO
DEPARTMENT OF COMMERCE
DIVISION OF FINANCIAL INSTITUTIONS

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

CHECK NO. 3914551877
AMOUNT \$250.00
DATE SEP - 9 2004
REC. BY [Signature]

In the matter of:

PARAGON MORTGAGE, LLC
24950 Country Club Boulevard
North Olmsted, OH 44070

) Case No. 04-NOV-419

) **SETTLEMENT AND**
) **CONSENT ORDER**
)

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, Paragon Mortgage, LLC ("Respondent") is an Ohio limited liability company registered with the Division as a mortgage broker pursuant to R.C. 1322. The business address of record for Respondent's main office is 24950 Country Club Boulevard, North Olmsted, OH 44070 which operates under certificate of registration MB# 3248; and

WHEREAS, on July 8, 2004, the Division sent via certified mail a Notice of Violation ("the Notice") to Paragon Mortgage, LLC ("Respondent") to its main office business address; and

WHEREAS, the Notice contained allegations and findings that:

(A) In 2003 Registrant's office sent out a direct mailing to potential customers seeking to solicit business. On one such mailing, after the consumer's address was written: "M.I.P. Refund Due of \$2,022.39*" The corresponding footnote in the bottom of the letter stated "Means estimate." The letter reads: "Dear Homeowner, When you originally obtained your FHA mortgage, up to \$2,250.00 was added to your mortgage for insurance. You will get all or part of this money back when you convert to a low rate conventional loan." (See Attachment A). The solicitation attempts to generate business responses by representing to customers that if they refinance, they will receive a M.I.P. refund from their FHA mortgage loan. Respondent has sent this advertisement to customers with FHA loans that were not entitled to the refund due to the length of time that passed from the date the mortgage was signed.

(B) R.C. 1322.07(C) prohibits mortgage brokers from engaging in conduct that constitutes improper, fraudulent, or dishonest dealings.

(C) The above-mentioned solicitation is misleading as it notified a potential customer that she was entitled to an FHA refund when she was not.

WHEREAS, Paragon Mortgage, LLC 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 July 8, 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, 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 Five Hundred Dollars (\$500), 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 Two Hundred Fifty Dollars (\$250) 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.

Robert M. Grieser
Robert Grieser
Deputy Superintendent of Financial Institutions

9/9/04
Date

Approved and Agreed

Paragon Mortgage, LLC

By: [Signature]
LISA DAVIES
Its: OWNER

9-3-04
Date

s:/legal/martha/paragon consent order.doc