

**BEFORE THE DEPARTMENT OF BANKING AND FINANCE
STATE OF GEORGIA**

ALLIED HOME MORTGAGE CAPITAL
CORPORATION

Petitioner

vs.

GEORGIA DEPARTMENT OF
BANKING AND FINANCE

Respondent

JIM HODGE

Petitioner

vs.

GEORGIA DEPARTMENT OF
BANKING AND FINANCE

Respondent

KATHY HODGE

Petitioner

vs.

GEORGIA DEPARTMENT OF
BANKING AND FINANCE

Respondent

FILED

AUG 06 2009

**GEORGIA DEPARTMENT OF
BANKING AND FINANCE**

DOCKET NO. DBF-MBL-09-014

CONSENT ORDER

On June 23, 2009, the Georgia Department of Banking and Finance (“Department”) issued a Notice of Intent to Revoke Annual License to Allied Home Mortgage Capital Corporation (“Allied”), mortgage lender license number 7115, for violations of the Georgia Residential Mortgage Act, O.C.G.A. § 7-1-1000 *et seq.* (“GRMA”), including transacting business in violation of O.C.G.A. § 7-1-1002(a) and (b) with a person who is unlicensed and unregistered, not exempt from licensing and registration requirements and who is not an employee of a mortgage broker or lender; and, in violation of O.C.G.A. § 7-1-1002(c), for directly or indirectly controlling a person who violated O.C.G.A. § 7-1-1002(a) and (b).

On this same day, the Department issued proposed Orders to Cease and Desist to Jim Hodge and Kathy Hodge, co-owners of Allied, for transacting business in violation of O.C.G.A. § 7-1-1002(a) and

(b) with a person who is unlicensed and unregistered, not exempt from licensing and registration requirements and who is not an employee of a mortgage broker or lender; and, in violation of O.C.G.A. § 7-1-1002(c), for directly or indirectly controlling a person who violated O.C.G.A. § 7-1-1002(a) and (b).

The parties have reached a settlement of the issues raised by the Notice of Intent to Revoke Annual License and the proposed Order to Cease and Desist and have agreed to a resolution of those matters in their entirety.

Accordingly, it is hereby ORDERED as follows:

1. Allied will fully comply with the terms of this Consent Order, the Georgia Fair Lending Act, O.C.G.A. § 7-6A-1 *et seq.*, and GRMA, as well as the Department's Rules enacted pursuant thereto. Failure to do so may result in additional administrative action being brought against Allied and any of its employees or agents.

2. Allied shall develop and implement policies, procedures, and practices that will ensure compliance with all applicable Georgia Laws and Regulations. Allied shall adopt best practices, including but not limited to the following:

- a. Allied shall immediately implement measures to ensure that its business operations and employees are subject to an appropriate level of supervision at all times. For the purposes of this Consent Order, "supervision" shall mean daily management and oversight by the owners of Allied, or their designees, that is reasonably designed to result in compliance with GRMA, and the rules of the Department by loan officers, in-house and third party processors and other individuals in the employ of Allied.
- b. Allied shall perform background checks for all new employees before or within 10 days of their initial hire. All background checks of employees that handle Georgia residential loan transactions shall be processed by the Georgia Crime Information Center. No individual shall be employed by Allied if he or she is a first offender under sentence for the commission of a felony; entered a plea of

nolo contendere to a felony charge; has been adjudicated without guilt for the commission of a felony; or has entered a plea to or has been convicted of a felony for which an official certification or pardon has not been obtained that removes the legal disabilities resulting from such conviction and restores civil and political rights. Allied will have the Georgia Crime Information Center perform background checks annually on its existing employees. Results of background checks shall be maintained in employees' personnel files and made available to the Department upon request.

- c. Allied shall maintain a complete and current journal of Georgia residential mortgage loan transactions that shall comply with Department Rule 80-11-2-.03 and include, at a minimum, the following information:
 - i. full names of proposed borrowers and co-borrowers and the last four digits of their social security number(s);
 - ii. application dates;
 - iii. names of loan officers responsible for loan applications whose names also appear on the applications; and,
 - iv. dispositions of the applications and the disposition dates.

Failure to make an entry of any or all of this information to the mortgage loan transaction journal within seven (7) business days from the date of the occurrence of the event required to be recorded shall be deemed a failure to keep the journal current and a violation of this Consent Order.

- d. For loans subject to the GRMA, Allied shall not directly or indirectly transact business as a Georgia mortgage lender with any unlicensed "person," as defined by the GRMA, unless the person is exempt from the licensing or registration requirements under O.C.G.A. § 7-1-1001.

e. Allied shall maintain a record of the license numbers or exemption status of any broker, lender or processor with whom Allied conducts business. As a best practice, this includes verifying the status of mortgage broker and mortgage lender licenses as well as the entry of any final administrative actions on the Department's website (www.dbf.georgia.gov) and the Department's Mortgage Summary publication on a monthly basis.

3. Within 60 days from the entry of this Consent Order, Allied will submit to the Department a written progress report detailing the actions that have been and will be undertaken to fully comply this Consent Order.

4. All written reports and notifications required by this Consent Order shall be mailed to:

Georgia Department of Banking and Finance
Attention: Director of Mortgage Supervision
2990 Brandywine Road, Suite 200
Atlanta, Georgia 30341

5. The Department shall rescind the proposed Order to Cease and Desist issued to Jim Hodge after the entry of this Consent Order.

6. The Department shall rescind the proposed Order to Cease and Desist issued to Kathy Hodge after the entry of this Consent Order.

7. The Department shall withdraw the Notice of Intent to Revoke issued to Allied after entry of this Consent Order.

8. Allied shall contribute \$1,000 to the State Regulatory Registry, LLC, a wholly-owned subsidiary of the Conference of State Bank Supervisors ("CSBS") to support the Nationwide Mortgage Licensing System, jointly sponsored by CSBS and the American Association of Residential Mortgage Regulators. This contribution shall be paid in certified funds, be made payable to the State Regulatory Registry, LLC, and shall be remitted contemporaneously with the entry of this Consent Order.

9. The terms of this Order may be enforced by the Department pursuant to O.C.G.A. §§ 7-1-1017(g) and 7-1-1018(b).

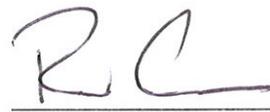
10. The Consent Order shall be regarded as a public document that the Department may publish in the same manner as a final order of this agency.

SO ORDERED AND ENTERED, this 6th day of August 2009.

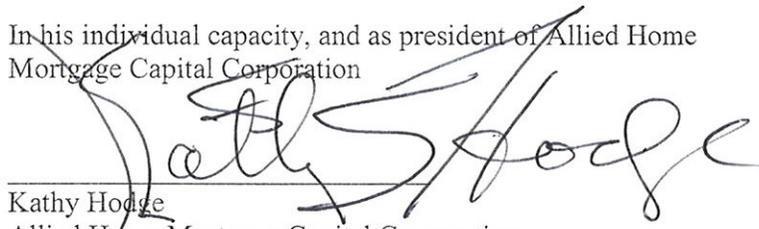

ROBERT M. BRASWELL
Commissioner
Georgia Department of Banking and Finance

Consented to by:

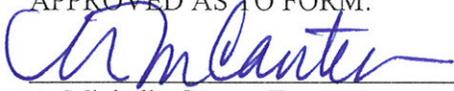

Jim Hodge, President
Allied Home Mortgage Capital Corporation
6110 Pinemont Drive, Suite 215
Houston, Texas 77092


Rod Carnes, Deputy Commissioner
Department of Banking and Finance
2990 Brandywine Road, Suite 200
Atlanta, Georgia 30341

In his individual capacity, and as president of Allied Home Mortgage Capital Corporation


Kathy Hodge
Allied Home Mortgage Capital Corporation
6110 Pinemont Drive, Suite 215
Houston, Texas 77092

APPROVED AS TO FORM:


A. Michelle Canter, Esq.
Franzén and Salzano, PC
Attorneys for Petitioners