

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

CORNERSTONE LENDERS, LLC,

Petitioner

vs.

GEORGIA DEPARTMENT OF  
BANKING AND FINANCE

Respondent

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JAMES FELTON PATE,

Petitioner

vs.

GEORGIA DEPARTMENT OF  
BANKING AND FINANCE

Respondent

---

JOHN STEPHEN PATE,

Petitioner

vs.

GEORGIA DEPARTMENT OF  
BANKING AND FINANCE

Respondent

---

ANN E. LIVINGSTON,

Petitioner

vs.

GEORGIA DEPARTMENT OF  
BANKING AND FINANCE

Respondent

DOCKET NO. DBF-MBL-10-012

**CONSENT ORDER**

On June 18, 2008, the Georgia Department of Banking and Finance (“Department”) issued a Notice of Intent to Revoke Annual License to Cornerstone Lenders, LLC (“Cornerstone”), mortgage lender license number 18436, for violations of the Georgia Residential Mortgage Act, O.C.G.A. § 7-1-

1000 *et seq.* (“GRMA”), including making false statements or misrepresenting material facts to lenders in violation of O.C.G.A. § 7-1-1013(1), (2) and (6); employing a person against whom a final cease and desist order had been issued within the three preceding years for violations of O.C.G.A. § 7-1-1013 in violation of O.C.G.A. § 7-1-1004(i); and failing to properly maintain a mortgage loan transaction journal in violation of Department Rule 80-11-2-.03.

On this same day, the Department issued a proposed Order to Cease and Desist to James Felton Pate, President of Cornerstone, for making false statements or misrepresenting material facts to lenders in violation of O.C.G.A. § 7-1-1013(1), (2) and (6); employing a person against whom a final cease and desist order had been issued within the three preceding years for violations of O.C.G.A. § 7-1-1013 in violation of O.C.G.A. § 7-1-1004(i); and failing to properly maintain a mortgage loan transaction journal in violation of Department Rule 80-11-2-.03.

On this same day, the Department issued a proposed Order to Cease and Desist to John Stephen Pate, Vice-President of Cornerstone, for making false statements or misrepresenting material facts to lenders in violation of O.C.G.A. § 7-1-1013(1), (2) and (6); employing a person against whom a final cease and desist order had been issued within the three preceding years for violations of O.C.G.A. § 7-1-1013 in violation of O.C.G.A. § 7-1-1004(i); and failing to properly maintain a mortgage loan transaction journal in violation of Department Rule 80-11-2-.03.

On this same day, the Department issued a proposed Order to Cease and Desist to Ann E. Livingston, Secretary and Treasurer of Cornerstone, for making false statements or misrepresenting material facts to lenders in violation of O.C.G.A. § 7-1-1013(1), (2) and (6); employing a person against whom a final cease and desist order had been issued within the three preceding years for violations of O.C.G.A. § 7-1-1013 in violation of O.C.G.A. § 7-1-1004(i); and failing to properly maintain a mortgage loan transaction journal in violation of Department Rule 80-11-2-.03.

In correspondence dated June 20, 2008, Cornerstone, James Felton Pate, John Stephen Pate and Ann E. Livingston timely requested hearings to contest the allegations set forth in the Notice of Intent to Revoke Annual License and proposed Orders to Cease and Desist.

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

Accordingly, it is hereby ORDERED as follows:

1. Upon entry of this Consent Order, the mortgage lender's license of Cornerstone will be deemed to be voluntarily surrendered. The surrender of the mortgage lender's license of Cornerstone will be published by the Department. Cornerstone will never apply for another mortgage lender's license with the Department and Cornerstone will never submit an application for a mortgage broker's license to the Department.

2. James Felton Pate, John Stephen Pate and Ann E. Livingston are each prohibited from directing the affairs of a Georgia mortgage broker or Georgia mortgage lender or from acting as directors, officers, partners, equitable owners, or in any other equivalent role for a Georgia mortgage broker or Georgia mortgage lender for a three year period from the date of entry of this Consent Order. Further, James Felton Pate, John Stephen Pate and Ann E. Livingston are each prohibited from acting as branch managers of a Georgia mortgage broker or Georgia mortgage lender during the three year period from the date of entry of this Consent Order.

3. James Felton Pate, John Stephen Pate and Ann E. Livingston are each prohibited from applying for a Georgia mortgage broker's or Georgia mortgage lender's license, either in their individual capacities or as the owners or officers of a corporation, partnership, or limited liability company during the three year period from the date of entry of this Consent Order.

4. Nothing set forth in this Consent Order shall be construed as prohibiting James Felton Pate, John Stephen Pate and Ann E. Livingston from obtaining a mortgage loan originator's license from the Department assuming that each applies for licensure and satisfies all of requirements regarding same as set forth in the GRMA, Department policy and agency rules.

5. Cornerstone, James Felton Pate, John Stephen Pate and Ann E. Livingston will strictly 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 Cornerstone, James Felton Pate, John Stephen Pate and Ann E. Livingston.

6. Cornerstone withdraws its request for a hearing regarding the Notice of Intent to Revoke Annual License issued by the Department on June 18, 2008.

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

8. James Felton Pate withdraws his request for a hearing regarding the proposed Order to Cease and Desist issued by the Department on June 18, 2008.

9. The Department shall rescind the proposed Order to Cease and Desist issued to James Felton Pate after the entry of this Consent Order.

10. John Stephen Pate withdraws his request for a hearing regarding the proposed Order to Cease and Desist issued by the Department on June 18, 2008.

11. The Department shall rescind the proposed Order to Cease and Desist issued to John Stephen Pate after the entry of this Consent Order.

12. Ann E. Livingston withdraws her request for a hearing regarding the proposed Order to Cease and Desist issued by the Department on June 18, 2008.

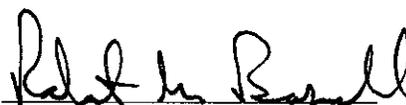
13. The Department shall rescind the proposed Order to Cease and Desist issued to Ann E. Livingston after the entry of this Consent Order.

14. The entry of this Consent Order will resolve and finally conclude the allegations set forth in the Notice of Intent to Revoke Annual License issued to Cornerstone, as well as the individual proposed Orders to Cease and Desist issued to James Felton Pate, John Stephen Pate and Ann E. Livingston.

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

16. 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 21st day of June 2010.



ROBERT M. BRASWELL  
Commissioner  
Georgia Department of Banking and Finance

Consented to by:



Rod Carnes  
Deputy Commissioner  
Non-Depository Financial Institutions  
GA Department of Banking and Finance  
2990 Brandywine Road, Suite 200  
Atlanta, Georgia 30341

(Signatures Continued on the Next Page.)



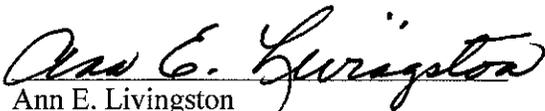
James Felton Pate  
Cornerstone Lenders, LLC  
500 Pirkle Ferry Road, Suite C  
Cumming, Georgia 30040

In his individual capacity and as President of  
Cornerstone Lenders, LLC



John Stephen Pate  
Cornerstone Lenders, LLC  
500 Pirkle Ferry Road, Suite C  
Cumming, Georgia 30040

In his individual capacity and as Vice-President of  
Cornerstone Lenders, LLC



Ann E. Livingston  
Cornerstone Lenders, LLC  
500 Pirkle Ferry Road, Suite C  
Cumming, Georgia 30040

In her individual capacity and as  
Secretary/Treasurer of  
Cornerstone Lenders, LLC