

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

HOMEOWNERS MORTGAGE OF AMERICA, INC.	Petitioner
vs.	
GEORGIA DEPARTMENT OF BANKING AND FINANCE	Respondent
TERILYN CALLICOTT	Petitioner
vs.	
GEORGIA DEPARTMENT OF BANKING AND FINANCE	Respondent
PAUL SCOTT	Petitioner
vs.	
GEORGIA DEPARTMENT OF BANKING AND FINANCE	Respondent
KRIS WILLIAMS	Petitioner
vs.	
GEORGIA DEPARTMENT OF BANKING AND FINANCE	Respondent

FILED

JUL 21 2011

GEORGIA DEPARTMENT OF
BANKING AND FINANCE

DOCKET NO. DBF-MBL-11-010

CONSENT ORDER

On April 13, 2011, the Georgia Department of Banking and Finance (“Department”) issued a proposed Notice of Intent to Revoke Annual License to Homeowners Mortgage of America, Inc. dba Foundation Financial Group (“Homeowners Mortgage”), mortgage lender license number 14389, Nationwide Mortgage Licensing System (“NMLS”) number 112057, for violations of the Georgia Residential Mortgage Act, O.C.G.A. § 7-1-1000 *et seq.* (“GRMA”), including employing a felon in violation of O.C.G.A. § 7-1-1004(h); transacting business with a person who is unlicensed and

unregistered, not exempt from licensing and registration requirements in violation of O.C.G.A. § 7-1-1002(a) and (b); and, directly or indirectly controlling a person who violated O.C.G.A. § 7-1-1002(a) and (b) in violation of O.C.G.A. § 7-1-1002(c).

On this same day, the Department issued proposed Orders to Cease and Desist to Terilyn Haney Callicott, Paul Vincent Scott, and Kris Williams (hereinafter referred to as the “Owners”) for employing a felon in violation of O.C.G.A. § 7-1-1004(h); transacting business with a person who is unlicensed and unregistered, not exempt from licensing and registration requirements in violation of O.C.G.A. § 7-1-1002(a) and (b); and, directly or indirectly controlling a person who violated O.C.G.A. § 7-1-1002(a) and (b) in violation of O.C.G.A. § 7-1-1002(c).

The Department received timely requests for hearings from Homeowners Mortgage and the Owners.

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

Accordingly, it is hereby ORDERED as follows:

1. Homeowners Mortgage 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 Homeowners Mortgage and any of its employees or agents.

2. Homeowners Mortgage shall develop and implement policies, procedures, and practices that will ensure compliance with all applicable Georgia laws and regulations. Homeowners Mortgage shall further adopt best practices, including but not limited to the following:

a. Homeowners Mortgage shall immediately implement measures to ensure that its business operations and employees are subject to an appropriate level of supervision at all times by the Owners, or an approved designee. For the purposes of this Consent Order, “supervision” shall mean daily management and oversight by the Owners, or an approved designee, that is reasonably designed to result in compliance with GRMA, and the rules of the Department by loan originators, processors and other individuals in the employ of Homeowners Mortgage.

b. Homeowners Mortgage 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 Homeowners Mortgage 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. Homeowners Mortgage 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. Homeowners Mortgage shall maintain a complete and current journal of Georgia residential mortgage loan transactions that shall comply with Department Rule 80-11-2-.03. Failure to make an entry of any or all of the required 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. Homeowners Mortgage shall not directly or indirectly transact business as a mortgage broker in the State of Georgia with any unlicensed “person,” as defined by the Georgia Residential Mortgage Act, unless the person is exempt from the licensing or registration requirements under O.C.G.A. § 7-1-1001.

e. Homeowners Mortgage shall ensure that all Homeowners Mortgage employees, including licensed mortgage loan originators, claiming the employee exemption to mortgage broker licensing shall be at all times eligible for employment in compliance with the provisions and prohibitions of O.C.G.A. § 7-1-1004 as provided by O.C.G.A. § 7-1-1001(14) and meet the following criteria provided by Department Rule 80-11-4.03(2):

i. An employee must be employed by just one licensee or exemptee and work exclusively for that person;

ii. An employee may not solicit, process, or place loans for anyone else while claiming the exemption;

iii. An employee’s procedures and activities must be supervised by the licensee or exemptee on a daily basis, and the licensee or exemptee is responsible for the actions of such employee. This requirement is intended to make it clear that employers control and are accountable for the actions of their employees; and,

iv. An employee may not be paid or compensated for performance of mortgage activity as an independent contractor or on a 1099 basis, except as specifically provided for in Department Rule 80-11-4.03(3).

f. Homeowners Mortgage shall not operate from any location in Georgia any office that does not satisfy the requirements of a branch as set forth by Georgia laws and rules regarding mortgage brokering and lending.

g. Homeowners Mortgage shall maintain complete mortgage loan files at each of its branch offices in compliance with Department Rule 80-11-2-.04. The contents of each loan file shall include, but not be limited to, the documents set forth in Department Rule 80-11-2-.04(2).

i. Under no circumstances shall any document required to be obtained in a loan file be shredded or otherwise destroyed by any branch office of Homeowners Mortgage until at least five (5) years have passed after the application has been denied or the loan has been closed. Loan files may be maintained in electronic format; paper files are not required.

ii. In addition thereto, for at least the same five (5) year period of time, Homeowners Mortgage shall maintain at its principal place of business a complete copy of each loan file required to be kept at each of its branch offices.

h. Homeowners Mortgage shall within ten (10) days after knowledge of the event, report in writing to the Department:

i. any suspicion, knowledge or discovery of an act prohibited by O.C.G.A § 7-1-1013, including mortgage fraud; and,

ii. the discharge of any employee for dishonest or fraudulent acts.

3. Homeowners Mortgage shall adopt best practices for Quality Control and Fraud Prevention and Detection. For purposes of this Consent Order, "Quality Control" shall mean a system for ensuring the maintenance of proper loan origination and processing standards, specifically by periodic, random inspection, to include but not limited to:

a. Homeowners Mortgage shall maintain a record of the license numbers or exemption status of any loan originator, broker, lender or processor with whom Homeowners Mortgage conducts business. Homeowners Mortgage shall verify mortgage loan originator, broker and 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 monthly Mortgage Summary publication.

b. Homeowners Mortgage shall segregate, and expressly state in written policies and procedures, the assigned duties for both loan originators and loan processors. For purpose of this Consent Order, the term "loan processor" shall mean generally an employee who collects and/or verifies from a borrower or other person, information that is necessary to underwrite or to submit for underwriting, a mortgage loan application package and any activities, including but not limited to, those provided in Department Rule 80-11-4-.07(3). Homeowners Mortgage shall not permit any employee to function as both the loan originator and loan processor for any one loan.

c. The Owners, or an approved designee, shall personally oversee and supervise loans originated and/or processed for employees and any borrowers related to a current employee.

d. The Owners, or an approved designee, shall review Homeowners Mortgage's mortgage loan transaction journal on a monthly basis to maintain personal knowledge of new and pending transactions.

e. The Owners, or an approved designee, shall perform a monthly quality control review of a minimum of 10% of the GRMA loans originated. Multiple transactions for the same borrower(s) shall be reviewed and tracked until final disposition. Homeowners Mortgage must maintain a list of loan files reviewed for purposes of the monthly quality review.

f. The Owners, or an approved designee, shall perform a monthly quality control review of a representative sampling of telephone conversations between employees of Homeowners Mortgage and potential customers to ensure employees are following and adhering to company policies and procedures. The Owners, or an approved designee, shall also maintain records documenting and

evidencing that the quality control measures have been performed and what corrective measures were taken, if appropriate.

g. Homeowners Mortgage shall implement, within one (1) year of the entry of this Consent Order, a new hire and continuing education employee training program regarding what constitutes mortgage fraud and how to detect and avoid its commission, including but not limited to: common mortgage fraud schemes, recognizing red flags in appraisal and loan documents; proper closing procedures; and, proper verifications of employment, rent and deposit. Homeowners Mortgage shall also provide training specifying what actions are to be taken when its employees believe that a borrower is attempting to engage in mortgage fraud by providing false or misleading information and/or documentation to obtain loans from a lender.

h. The Owners, or an approved designee, will document and respond to complaints and other issues reported by consumers regarding mortgage loan related advertising or services provided by Homeowners Mortgage. Such documentation shall be maintained for at least five (5) years after resolution of the complaint or issue.

4. Within sixty (60) days of the effective date of this Consent Order, Homeowners Mortgage shall provide to the Department a written progress report detailing the actions that have been and will be undertaken to comply with the terms of this Consent Order.

5. All written notifications and requests for approval 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

6. The Department shall rescind the proposed Order to Cease and Desist issued to Terilyn Haney Callicott after the entry of this Consent Order.

7. The Department shall rescind the proposed Order to Cease and Desist issued to Paul Vincent Scott after the entry of this Consent Order.

8. The Department shall rescind the proposed Order to Cease and Desist issued to Kris Williams after the entry of this Consent Order.

9. The Department shall withdraw the proposed Notice of Intent to Revoke issued to Homeowners Mortgage after entry of this Consent Order.

10. Homeowners Mortgage shall pay to the Department a fine in the amount of \$23,000.00 in full and final satisfaction of any and all monetary claims that have or could have been brought by this agency in connection with the violations for which the proposed Notice of Intent to Revoke Annual License dated April 13, 2011, was issued. The fine shall be paid in certified funds and shall be remitted contemporaneously with the entry of this Order.

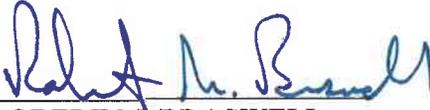
11. Homeowners Mortgage shall contribute \$2,000.00 to the State Regulatory Registry, LLC, a wholly-owned subsidiary of the Conference of State Bank Supervisors (“CSBS”) to support the NMLS, jointly sponsored by CSBS and the American Association of Residential Mortgage Regulators. This contribution shall 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.

12. 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).

13. 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.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

SO ORDERED AND ENTERED, this 21st day of July 2011.

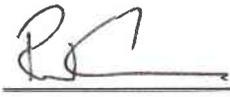


ROBERT M. BRASWELL
Commissioner
Georgia Department of Banking and Finance

Consented to by:

 Date 7-18-2011

Terilyn Callicott, Owner
Homeowners Mortgage, Inc.
225 Waters Street, Suite 2100
Jacksonville, Florida 32202
*In her individual capacity and as owner of Homeowners
Mortgage, Inc.*

 Date 07/21/11

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

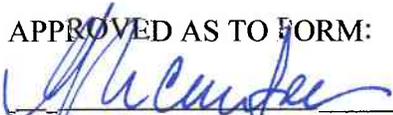
 Date 7-18-2011

Paul Scott, Owner
Homeowners Mortgage, Inc.
225 Waters Street, Suite 2100
Jacksonville, Florida 32202
*In his individual capacity and as owner of Homeowners
Mortgage, Inc.*

 Date 7-18-2011

Kris Williams, Owner
Homeowners Mortgage, Inc.
225 Waters Street, Suite 2100
Jacksonville, Florida 32202
*In her individual capacity and as owner of Homeowners
Mortgage, Inc.*

APPROVED AS TO FORM:

 Date 7/19/2011

A. Michelle Canter, Esq.
LosteinLegal PLLC
Attorneys for Petitioners