

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

PREFERRED LENDING GROUP, INC. *

Petitioner, *

v. *

GEORGIA DEPARTMENT OF BANKING AND FINANCE, *

Respondent. *

ELIZABETH A. ALLEN, *

Petitioner, *

v. *

Docket No. DBF-07-022

GEORGIA DEPARTMENT OF BANKING AND FINANCE, *

Respondent. *

RICHARD G. ALLEN, JR., *

Petitioner, *

v. *

GEORGIA DEPARTMENT OF BANKING AND FINANCE, *

Respondent. *

CONSENT ORDER

On October 18, 2007, the Georgia Department of Banking and Finance (“Department”) issued a proposed Notice of Intent to Revoke Annual License to Preferred Lending Group, Inc. (“Preferred Lending”), mortgage lender’s license number 14187, for making false statements or misrepresenting material facts to lenders in

violation of O.C.G.A. § 7-1-1013(1), (2) and (6); permitting an applicant for a loan to sign a mortgage document with blank spaces to be filled in after it was executed in violation of O.C.G.A. § 7-1-1013(8); failing to run background checks on all employees in violation of O.C.G.A. § 7-1-1004(e) and (f); not possessing complete loan files for borrowers in violation of Department Rule 80-11-2-.04(2); 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 Elizabeth A. Allen, president and co-owner of Preferred Lending¹, for making false statements or misrepresenting material facts to lenders in violation of O.C.G.A. § 7-1-1013(1), (2) and (6); permitting an applicant for a loan to sign a mortgage document with blank spaces to be filled in after it was executed in violation of O.C.G.A. § 7-1-1013(8); failing to run background checks on all employees in violation of O.C.G.A. § 7-1-1004(e) and (f); not possessing complete loan files for borrowers in violation of Department Rule 80-11-2-.04(2); and failing to properly maintain a mortgage loan transaction journal in violation of Department Rule 80-11-2-.03.

Also on October 18, 2007, the Department issued a proposed Order to Cease and Desist to Richard G. Allen, Jr., vice president and co-owner of Preferred Lending², for making false statements or misrepresenting material facts to lenders in violation of O.C.G.A. § 7-1-1013(1), (2) and (6); permitting an applicant for a loan to sign a mortgage

¹ As part of the examination by the Department that precipitated the issuance of the Notice of Intent to Revoke Annual License and Orders to Cease and Desist, it was discovered that Elizabeth A. Allen and Richard G. Allen, Jr. sold the business assets of Preferred Lending to a third-party on or about November 3, 2006. Despite doing so, a change in control was not timely filed by the acquiring party, and the Department never approved a change in ownership of Preferred Lending's mortgage lender's license. As a result, Elizabeth A. Allen and Richard G. Allen, Jr. remain the owners of record with the Department of Preferred Lending.

² See Footnote 1.

document with blank spaces to be filled in after it was executed in violation of O.C.G.A. § 7-1-1013(8); failing to run background checks on all employees in violation of O.C.G.A. § 7-1-1004(e) and (f); not possessing complete loan files for borrowers in violation of Department Rule 80-11-2-.04(2); and failing to properly maintain a mortgage loan transaction journal in violation of Department Rule 80-11-2-.03.

The parties have discussed 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.

It is hereby ORDERED as follows:

1. The revocation of the mortgage lender's license of Preferred Lending shall be final upon entry of this Consent Order; provided, however, that such revocation shall not be deemed to preclude the authority of Preferred Lending to conduct the activities specifically authorized by this Consent Order in Paragraph 2 below. The revocation of the mortgage lender's license of Preferred Lending will be published by the Department. Preferred Lending will never apply to the Department for another mortgage lender's license and will never file an application with the Department seeking a mortgage broker's license.

2. Preferred Lending will not accept any new loan applications after 5:00 p.m. on October 19, 2007, and will cease all of its remaining Georgia residential mortgage activities by no later than October 31, 2007. For purposes of this Consent Order, "remaining Georgia residential mortgage activities" means obtaining funding for the Georgia residential loan applications received by Preferred Lending through 5:00 p.m. on October 19, 2007 ("Pending Applications"). If requested by Preferred Lending or other lender that may fund a Pending Application, the Department will confirm that Preferred

Lending is authorized to process and close Pending Applications through October 31, 2007. In the event Preferred Lending has not obtained funding for a Pending Application on or before October 31, 2007, then Preferred Lending must cease all work on the Pending Application and provide the consumer's file to another broker or lender at the request of that consumer. If any consumers have remitted funds to Preferred Lending on Pending Applications, then Preferred Lending must refund all funds paid by consumers or have the new broker or lender who takes the consumers' loans give the consumers credit for their payments. During the time that it is processing its Pending Applications, Preferred Lending shall work cooperatively with all employees in its Georgia offices to facilitate the processing of borrowers' loans. Upon completion of all of the remaining mortgage broker activities, but no later than October 31, 2007, Preferred Lending's co-owners, Elizabeth A. Allen and Richard G. Allen, Jr., shall provide a written sworn statement to the Department indicating that Preferred Lending has concluded all of its residential mortgage activities in Georgia.

3. Preferred Lending shall resolve in a professional manner all complaints that may be made with respect to any residential mortgage loans that it has handled in Georgia. In the event that any such complaint is received, Preferred Lending shall notify the Department in writing of the nature of the complaint within 30 days after it is initially made. Thereafter, Preferred Lending shall provide written notification to the Department of the disposition of each complaint within 60 days after its initial receipt.

4. For 5 years from the date of entry of this Consent Order, Elizabeth A. Allen shall only engage in residential mortgage activities for properties located in Georgia in the capacity as a W-2 employee for a Georgia mortgage broker or Georgia mortgage lender. If Ms. Allen works as a W-2 employee for a Georgia mortgage broker or Georgia

mortgage lender during this 5-year period, she must inform the Department in writing of the name and address of her employer within 7 days of continuing her existing employment or subsequently commencing work for a new employer. The written notification shall be mailed to:

Georgia Department of Banking and Finance
Attn: Sandra Sheley, Mortgage Division
2990 Brandywine Road, Suite 200
Atlanta, Georgia 30341

5. Elizabeth A. Allen is prohibited from directing the affairs of a Georgia mortgage broker or Georgia mortgage lender or from acting as a director, officer, partner, equitable owner, or any other equivalent role for a Georgia mortgage broker or Georgia mortgage lender during the 5-year period that this Consent Order is in effect. Further, Elizabeth A. Allen is prohibited from acting as a branch manager of a Georgia mortgage broker or Georgia mortgage lender during this 5-year period.

6. Elizabeth A. Allen is prohibited from applying for a Georgia mortgage broker's or Georgia mortgage lender's license, either in her individual capacity or as the owner or officer of a corporation, partnership, or limited liability company, for 5 years from the date of entry of this Consent Order.

7. The Department shall withdraw the proposed Order to Cease and Desist issued to Elizabeth A. Allen after the entry of this Consent Order.

8. For 5 years from the date of entry of this Consent Order, Richard G. Allen, Jr. shall only engage in residential mortgage activities for properties located in Georgia in the capacity as a W-2 employee for a Georgia mortgage broker or Georgia mortgage lender. If Richard G. Allen, Jr. works as a W-2 employee for a Georgia mortgage broker or Georgia mortgage lender during this 5-year period, he must inform the Department in writing of the name and address of his employer within 7 days of continuing his existing

employment or subsequently commencing work for a new employer. The written notification shall be mailed to:

Georgia Department of Banking and Finance
Attn: Sandra Sheley, Mortgage Division
2990 Brandywine Road, Suite 200
Atlanta, Georgia 30341

9. Richard G. Allen, Jr. is prohibited from directing the affairs of a Georgia mortgage broker or Georgia mortgage lender or from acting as a director, officer, partner, equitable owner, or any other equivalent role for a Georgia mortgage broker or Georgia mortgage lender during the 5-year period that this Consent Order is in effect. Further, Richard G. Allen, Jr. is prohibited from acting as a branch manager of a Georgia mortgage broker or Georgia mortgage lender during this 5-year period.

10. Richard G. Allen, Jr. is prohibited from applying for a Georgia mortgage broker's or Georgia mortgage lender's license, either in his individual capacity or as the owner or officer of a corporation, partnership, or limited liability company, for 5 years from the date of entry of this Consent Order.

11. The Department shall withdraw the proposed Order to Cease and Desist issued to Richard G. Allen, Jr. after the entry of this Consent Order.

12. Elizabeth A. Allen and Richard G. Allen, Jr. shall cooperate with the Department in any investigation or administrative or civil action initiated against any employee, agent or other individual by whom residential mortgage activities were performed by or through Preferred Lending. The cooperation of Elizabeth A. Allen and Richard G. Allen, Jr. shall include, but not be limited to, providing the Department with requested documents, being interviewed by employees of the Department, and providing sworn written and verbal testimony about employees, agents or other individuals by whom residential mortgage activities were performed by or through Preferred Lending.

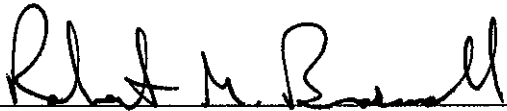
This paragraph has been included in this Consent Order at the Department's request; Elizabeth A. Allen and Richard G. Allen, Jr. have made no representation that they can provide any specific information, nor have Elizabeth A. Allen and Richard G. Allen, Jr. offered to provide any specific information as an inducement for this agreement.

13. The entry of this Consent Order will resolve the matters pending against Preferred Lending, Elizabeth A. Allen, and Richard G. Allen, Jr. that were identified by the Department in its proposed Notice of Intent to Revoke Annual License and proposed Orders to Cease and Desist, respectively.

14. 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).


15. This 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, this 26 day of October 2007.



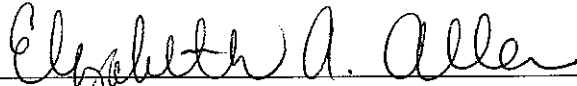
ROBERT BRASWELL
Commissioner
Georgia Department of Banking and Finance

Consented to by:

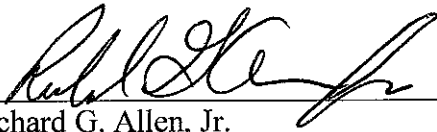


Rod Carnes
Deputy Commissioner
Department of Banking and Finance
2990 Brandywine Road, Suite 200
Atlanta, Georgia 30341

(Signatures continued on the next page.)



Elizabeth A. Allen
Preferred Lending Group, Inc.
3910 Highway 81, SW
Loganville, Georgia 30052
Individually and in her capacity as president and co-owner of
Preferred Lending Group, Inc.



Richard G. Allen, Jr.
Preferred Lending Group, Inc.
3910 Highway 81, SW
Loganville, Georgia 30052
Individually and in his capacity as vice president and co-owner of
Preferred Lending Group, Inc.