

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

<p>LENOX FINANCIAL MORTGAGE, LLC Petitioner</p> <p>vs.</p> <p>GEORGIA DEPARTMENT OF BANKING AND FINANCE Respondent</p>	<p>FILED</p> <p>JAN 25 2010</p> <p>GEORGIA DEPARTMENT OF BANKING AND FINANCE</p>
<p>JON M. SHIBLEY Petitioner</p> <p>vs.</p> <p>GEORGIA DEPARTMENT OF BANKING AND FINANCE Respondent</p>	<p>DOCKET NO. DBF-MBL-<u>10-001</u></p>
<p>STEFEN SHIBLEY Petitioner</p> <p>vs.</p> <p>GEORGIA DEPARTMENT OF BANKING AND FINANCE Respondent</p>	

CONSENT ORDER

On December 21, 2009, the Georgia Department of Banking and Finance (“Department”) issued a Notice of Intent to Revoke Annual License to Lenox Financial Mortgage, LLC, mortgage lender license number 19100, 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). Additionally, the Department’s Notice of Intent to Revoke Annual License was issued for violating O.C.G.A. §§ 7-6A-5(7) and (15) and § 7-6A-2(12)(D) of the Georgia Fair Lending Act, O.C.G.A. § 7-6A-1 *et seq.* (“GAFLA”), in the manner in which Lenox Financial Mortgage, LLC made two high cost loans.

On this same day, the Department issued proposed Orders to Cease and Desist to Jon M. Shibley and Stefen Shibley, members of Lenox Financial Mortgage, LLC, for violations of 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). Additionally, the Department's proposed Orders to Cease and Desist were issued for violating O.C.G.A. §§ 7-6A-5(7) and (15) and § 7-6A-2(12)(D) of GAFLA in the manner in which two high cost loans were made.

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 those matters in their entirety.

Accordingly, it is hereby ORDERED as follows:

1. Lenox Financial Mortgage, LLC will strictly comply with the terms of this Consent Order, GAFLA, GRMA, and the Department's Rules enacted pursuant thereto. Failure to do so may result in additional administrative action being brought against Lenox Financial Mortgage, LLC and any of its employees or agents.

2. In connection with loans that surpassed the GAFLA threshold, Lenox Financial Mortgage, LLC shall remit contemporaneously with the entry of this Consent Order \$2,035.80 to the borrower for Loan Number 9518011339 and \$788.20 to the borrowers for Loan Number 0000011212.

3. Lenox Financial Mortgage, LLC shall develop and implement policies, procedures, and practices that will ensure compliance with all applicable Georgia Laws and Regulations. Lenox Financial Mortgage, LLC shall adopt best practices and procedures to comply with the following:

- a. Lenox Financial Mortgage, LLC 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 Lenox Financial Mortgage, LLC that is reasonably designed to result in compliance with GAFLA, GRMA, and the rules of the

Department by loan officers, in-house and third party processors, and other agents of Lenox Financial Mortgage, LLC.

- b. Lenox Financial Mortgage, LLC 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, or an inaccurate 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.

- c. For loans subject to GRMA, Lenox Financial Mortgage, LLC shall not directly or indirectly transact business as a Georgia mortgage lender with any unlicensed "person," as defined by GRMA, unless the person is exempt from the licensing or registration requirements under O.C.G.A. § 7-1-1001.
- d. Lenox Financial Mortgage, LLC shall maintain a record of the license numbers or exemption status of any broker, lender or processor with whom Lenox Financial Mortgage, LLC conducts business. 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.

- e. Lenox Financial Mortgage, LLC shall not originate or fund high cost loans without executing in full the requirements of high costs loans as described in GAFLA (O.C.G.A. § 7-6A-1 *et seq.*).
- f. Lenox Financial Mortgage, LLC shall perform and maintain indicators of points and fees for all loans covered by GAFLA.

4. Within 60 days of the effective date of this Consent Order, Lenox Financial Mortgage, LLC shall provide to the Department a copy of documentation evidencing the internal policies, procedures and best practices identified in Paragraph 3.

5. Lenox Financial Mortgage, LLC shall provide the Department with written detailed reports of the outcomes of any current and future lawsuits to which Lenox Financial Mortgage, LLC is a party.

6. 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

7. The Department shall withdraw the proposed Order to Cease and Desist issued to Jon M. Shibley after the entry of this Consent Order.

8. The Department shall withdraw the proposed Order to Cease and Desist issued to Stefen Shibley after the entry of this Consent Order.

9. The Department shall withdraw the Notice of Intent to Revoke issued to Lenox Financial Mortgage, LLC after entry of this Consent Order.

10. Lenox Financial Mortgage, LLC shall pay fines in the amount of \$8,000 to the Department in satisfaction of any monetary claims that have been assessed and are currently due and payable by the Department as a result of the examination of Lenox Financial Mortgage, LLC. The fines shall be paid in certified funds and shall be remitted contemporaneously with the entry of this Order.

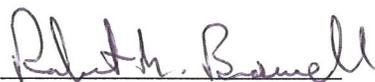
11. Lenox Financial Mortgage, LLC shall contribute \$2,000 to the State Regulatory Registry, LLC, a wholly-owned subsidiary of the Conference of State Bank Supervisors (“CSBS”) to support the Nationwide Mortgage Licensing System, jointly sponsored by CSBS and the American Association of Residential Mortgage

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.

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).

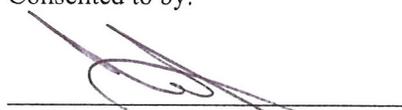
13. The Consent Order shall be regarded as a public document that the Department may publish in the same manner as a final order of this agency.

SO ORDERED AND ENTERED, this 25th day of January 2010



ROBERT M. BRASWELL
Commissioner
Georgia Department of Banking and Finance

Consented to by:

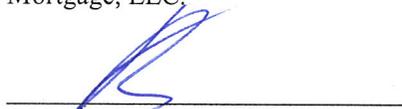


Jon M. Shibley, Member
Lenox Financial Mortgage, LLC
6 Piedmont Center, Suite 500
3525 Piedmont Road
Atlanta, Georgia 30305



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

In his individual capacity and member of Lenox Financial Mortgage, LLC.



Stefen Shibley, Member
Lenox Financial Mortgage, LLC
6 Piedmont Center, Suite 500
3525 Piedmont Road
Atlanta, Georgia 30305

In his individual capacity and member of Lenox Financial Mortgage, LLC.