COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
OFFICE OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2006-AH-015

IN THE MATTER OF:
FIRST CITIZENS FINANCIAL, INC.

SETTLEMENT AGREEMENT

BACKGROUND AND FACTUAL FINDINGS

1. First Citizens Financial, Inc. ("First Citizens") is licensed by the Office of Financial Institutions ("OFI") to conduct business as a mortgage loan company. First Citizens' principal office is at 12730-A Westport Road, Downers Louisville, Kentucky 40245 and its mortgage loan broker license number is MB11917.

2. On July 14, 2005, an examination was conducted into the condition, workings and affairs of First Citizens in order to determine whether there were any violations of law or any unauthorized unsafe practices or any failure to keep or have correct any required books and records.

3. In the course of that examination it was discovered that First Citizens had an individual originating mortgage loans on Kentucky properties without being registered with OFI. In addition, First Citizens was employing independent contractors as loan officers.

4. As of July 1, 2004, no mortgage loan broker and no loan officer may originate mortgage loans in Kentucky unless they are registered with OFI and have been issued a certificate of registration.

5. As of June 24, 2003, all employees of a mortgage loan company or mortgage loan broker must be paid on a W-2 basis, rather than on a 1099 basis.

6. First Citizens' employment of an unregistered mortgage loan officer to originate loans on Kentucky properties was a violation of KRS 294.255(1).

7. First Citizens' employment of independent contractors as loan officers was a violation of KRS 294.020 and KRS 294.032(4).

AGREEMENT AND ORDER

The Office of Financial Institutions and First Citizens Financial, Inc., in the interest of economically and efficiently resolving the issues raised in the foregoing Background and Factual Findings, agree as follows:

1. First Citizens Financial, Inc. agrees to pay a fine in the amount of two thousand ($2,000) dollars, which shall be made payable to "Kentucky State Treasurer" and mailed to the Office of Financial Institutions, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601.

2. In regard to this matter, First Citizens Financial, Inc. waives its right to demand a hearing, at which First Citizens Financial, Inc. would be entitled to legal representation, to confront and cross examine witnesses for the Office of Financial Institutions, and to present evidence on its own behalf. Further, First Citizens Financial, Inc. consents to and acknowledges the jurisdiction of the Office of Financial Institutions over this matter and that this Agreement is a matter of public record and may be disseminated as such.

IT IS SO ORDERED on this the 19th day of May, 2006.

Cordell G. Lawrence
Executive Director

Consented to:

This 18th day of May, 2006

David Coyle, Director
Division of Financial Institutions
Office of Financial Institutions

This 15th day of MAY, 2006

President

Brandon Raymer, President
First Citizens Financial, Inc.