COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
OFFICE OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2007-AH-917

OFFICE OF FINANCIAL INSTITUTIONS COMPLAINANT

vs.

FINAL ORDER
REVOKING EXEMPTIONS
AND ASSESSING FINE

DIRECT LENDING, INC. RESPONDENT

Statement of Facts

1. The Office of Financial Institutions ("OFI") is responsible for regulating and licensing mortgage loan companies and mortgage loan brokers in accordance with the provisions of KRS Chapter 286.8, the Mortgage Loan Company and Mortgage Loan Broker Act.

2. Respondent is currently authorized to do business as a mortgage loan company in the Commonwealth of Kentucky under KRS 286.8-020(2)(a) and (b) claims of exemption granted by OFI at the locations of 32900 Five Mile Road, Suite 200, Livonia, MI 48154 and 365 Waller Avenue, Lexington, KY 40504.

3. Pursuant to KRS 286.8-190, the executive director of OFI entered an Order to Cease and Desist against Respondent on August 27, 2007 for operating an unapproved branch location in Lexington, Kentucky. Pursuant to that Order, Respondent was required to provide evidence to OFI of its compliance with the requirements of the Order.

4. Respondent never responded to the Order to Cease and Desist, despite several attempts by OFI to contact Respondent.

5. An investigation by OFI revealed that business continued to be conducted under Respondent's name at the unapproved branch location subsequent to the entry of the Order to Cease and Desist.

6. On December 18, 2007, OFI filed an Administrative Complaint against Respondent seeking, among other things, revocation of Respondent's authority to do business in Kentucky under KRS 286.8-020(2)(a) and (b) claims of exemption for violations of Chapter 286.8 of the Kentucky Revised Statutes. Respondent failed to respond to the complaint, and therefore no hearing was requested in this matter.

Statutory Authority

1. Pursuant to KRS 286.8-030, it is unlawful for any person to transact business in Kentucky, either directly or indirectly, as a mortgage loan company or mortgage loan broker if he is not licensed or otherwise exempt from licensure.

2. Pursuant to KRS 286.8-020(2)(b), branch locations of a mortgage loan company or mortgage loan broker approved and regulated by the United States Department of Housing and Urban Development must file for and be approved for a KRS 286.8-020(2)(a) claim of exemption.

3. Pursuant to KRS 286.8-090, the executive director may deny, suspend, or revoke any license or claim of exemption when the applicant or licensee does not meet or has failed to comply with the requirements of KRS 286.8, does not conduct his business in accordance with law, or has refused to furnish any information or make any report that may be required by the executive director.

4. Pursuant to KRS 286.8-990, the executive director may assess a fine of not less than one thousand dollars ($1,000) nor more than five thousand dollars ($5,000) against

any mortgage loan company or mortgage loan broker that violates any provision of Chapter 286.8.

Conclusions

Based upon the foregoing, the executive director has determined as follows:

1. Respondent was granted exemptions from the licensing requirements of KRS 286.8-030(1)(a) at the locations of 32900 Five Mile Road, Suite 200, Livonia, MI 48154 and 365 Waller Avenue, Lexington, KY 40504.

2. Respondent conducted business at a branch location in Lexington, Kentucky without properly filing for a KRS 286.8-020(2)(b) claim of exemption or becoming properly licensed.

3. An Order to Cease and Desist was issued against Respondent on August 27, 2007 for operating an unapproved branch location in Lexington, Kentucky. Pursuant to that Order, Respondent was required to provide evidence to OFI of its compliance with the requirements of the Order.

4. Respondent never responded to the Order to Cease and Desist, despite several attempts by OFI to contact Respondent.

5. An investigation by OFI revealed that business continued to be conducted under Respondent's name at the unapproved branch location subsequent to the entry of the Order to Cease and Desist.

Order

THEREFORE, based upon the foregoing statement of facts, statutory authority, and conclusions, the executive director **HEREBY ORDERS** as follows:

1. That the exemptions held by Respondent under KRS 286.8-020(2)(a) and (b) at the locations of 32900 Five Mile Road, Suite 200, Livonia, MI 48154 and 365 Waller Avenue, Lexington, KY 40504 are **REVOKED**;

2. That Respondent is prohibited from conducting business in Kentucky as a mortgage loan company or mortgage loan broker without being properly licensed or otherwise entitled to an exemption; and

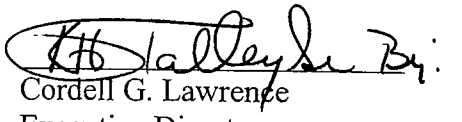
3. That Respondent is fined $5,000 for violating KRS 286.8-030, KRS 286.8-020, and KRS 286.8-190.

This **ORDER** shall become effective upon completion of service as it is set forth in KRS 13B.050(2).

Notice of Appeal Rights

Pursuant to KRS 286.8-210, you are hereby notified that you have the right to appeal this Final Order of the Executive Director. If you choose to appeal, you must file a written Notice of Appeal with the Franklin Circuit Court within sixty (60) days after entry of this Order.

IT IS SO ORDERED on this the 18th day of January, 2008.



Cordell G. Lawrence
Executive Director
Office of Financial Institutions
1025 Capital Center Drive, Ste. 200
Frankfort, Kentucky 40601

Certificate of Service

I, Jessica R. Sharpe, hereby certify that a copy of the foregoing **Final Order Revoking Exemptions and Assessing Fine** was sent on this the 18th day of January, 2008, by certified mail, return receipt requested, to the following:

Direct Lending, Inc.
32900 Five Mile Road
Suite 200
Livonia, MI 48154

Direct Lending, Inc.
365 Waller Avenue
Lexington, KY 40504

Jessica R. Sharpe

Jessica R. Sharpe
Counsel
Office of Financial Institutions
1025 Capital Center Drive
Frankfort, Kentucky 40601
(502) 573-3390