



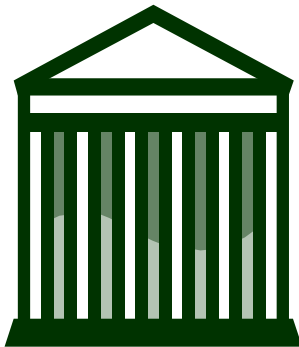
**Georgia Department
of Banking & Finance**

**NON-DEPOSITORY
FINANCIAL
INSTITUTIONS**

Monthly Summary of Mortgage Activities For the Period Ending November 2006

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NEWS ITEMS

Mortgage Fraud Rises

FinCEN Reports Rise in Mortgage Fraud SARS

Suspected mortgage fraud increased by 35 percent between the first quarter of 2005 and the first quarter of 2006, according to statistics released by the Financial Crimes Enforcement Network on Nov. 3. FinCEN's report was based on an analysis of Suspicious Activity Reports that indicated suspected mortgage loan fraud between April 1, 1996, and March 31, 2006. The leading

types of mortgage fraud described on the reports were "false statements" and "identity theft." Some of the false statements included altered bank statements, fraudulent earnings documents, fraudulent letters of credit, fabricated letters of gifts, misrepresentations of employment and altered credit scores.

Reports of mortgage loan fraud rose significantly in 2003. The Federal Financial Institutions Examination Council reported an increase in the number of mortgage loans beginning in 2003: "The 2003 data include a total of 42 million reported loans and applications, which is an increase of about 33 percent from 2002, primarily due to a

significant increase in refinancing activity (approximately 41 percent)." SARS on mortgage loan fraud increased over 92 percent between 2003 and 2004. The increase in filings may be attributed to an increase in overall mortgage lending concurrent with the decline in interest rates in the 2002 - 2005 timeframe and a broader awareness of this fraudulent activity. Figure 1 depicts the filing trend between 1997 and 2005.

During 2005, the top five states for mortgage fraud were California, Florida, Illinois, Texas and Georgia. Other states with high report numbers were Washington, North Carolina, Ohio, Michigan and New York. National banks were the largest group of lenders reporting mortgage fraud.

Read more:

[www.fincen.gov/
MortgageLoanFraud.pdf](http://www.fincen.gov/MortgageLoanFraud.pdf)

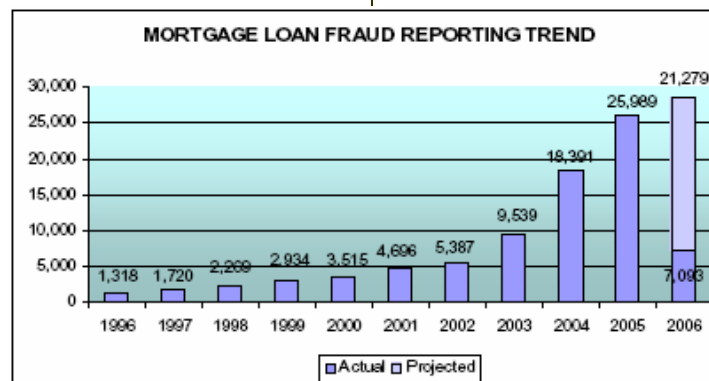


Figure 1

Non-Traditional Mortgage Product Guidance

Georgia Department of Banking and Finance Adopts Regulatory Guidance on Nontraditional Mortgage Products

Rob Braswell, Georgia Department of Banking and Finance Commissioner, announced on November 14, 2006 a set of regulatory guidelines covering the marketing of nontraditional mortgages by state-licensed entities.

The guidance was developed by the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR) and applies to state-licensed mortgage brokers and lenders. The guidance is intended to promote consistent regulation in the mortgage market and to clarify how residential mortgage providers can offer nontraditional mortgage products in a way that clearly discloses the risks borrowers may assume.

Commissioner Braswell stated, "These guidelines are designed to level the playing field in the mortgage market in order to protect consumers from taking on high-risk mortgages without having a full understanding of the terms of such loans."

The CSBS/AARMR guidance parallels final guidance

released on September 29, 2006 by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, and the National Credit Union Administration.

That interagency guidance, however, applies only to insured financial institutions and their affiliates. To promote consistency, the CSBS/AARMR guidance substantially mirrors the interagency guidance, except for the deletion of sections inapplicable to non-depository institutions.

Commissioner Braswell commented that the goal desired by CSBS and AARMR is to have all states to adopt the guidelines so that all consumers will be equally protected and all originators of residential mortgages will be subject to similar supervisory guidance.

This guidance should be used as a *best practices document* when utilizing nontraditional mortgage products. For your convenience, the guidance is available from the Department's website at:

[http://www.gadbf.org/
bulletins.html#PR](http://www.gadbf.org/bulletins.html#PR)



Conforming Loan Limits for 2007

2007 Conforming Loan Limit to Remain at \$417,000

Washington, DC - Office of Federal Housing Enterprise Oversight Director James B. Lockhart announced November 28, 2006, that the maximum 2007 conforming loan limit for single-family mortgages purchased by Fannie Mae and Freddie Mac (the Enterprises) will remain at the 2006 level of \$417,000 for one-unit properties for most of the U.S.

The conforming loan limit determines the maximum size of a mortgage that an Enterprise can buy or guarantee. By law the maximum conforming loan limit is based on the October-to-October change in the average house price in the Monthly Interest Rate Survey (MIRS) of the Federal Housing Finance Board (FHFB). The FHFB reported the decline in the average price was \$501, or 0.16 percent, from \$306,759 in October 2005 to \$306,258 in October 2006. This is the first decline in the MIRS since 1992-93.

OFHEO announced November 15 it would keep the limit at 2006 levels if

(Continued on page 3)

UPCOMING SPEAKING ENGAGEMENTS

- ◆ There are no speaking engagements scheduled for December.



Useful Links

MORTGAGE FORMS: CODE,
REGULATIONS &
APPLICATIONS

[HTTP://WWW.STATE.GA.US/
MORTGAGE_FORMS.HTML](http://www.state.ga.us/mortgage_forms.html)

UPDATING LICENSE
INFORMATION

[HTTP://WWW.STATE.GA.US/
DBF/MORTGAGE_FORMS.HTM
L#ONLINE](http://www.state.ga.us/dbf/mortgage_forms.html#ONLINE)

PRESS RELEASES

[HTTP://WWW.GANET.ORG/D
BF/BULLETINS.HTML](http://www.ganet.org/dbf/bulletins.html)

OTHER ITEMS & ISSUES

Net Branches

(This one just stays with us...)

As we have noted several times, the Department does not allow entities licensed under the Georgia Residential Mortgage Act to operate net branches in Georgia. However, the Department recognizes that many licensees operate in multiple states and that some of those other states do allow net branching.

The latest nuance involves a GRMA licensee whose net branch personnel contacted the Department to see if they could get a 1 time loan approval. Obviously, because that branch located in another state is being operated independently, it is unaware of the operating procedures in place and licenses held by the company.

A properly supervised branch would send those loans to the main office, or if the company has a policy to allow the use of alternate lenders, the branch should not be handling those requests independently of company management.

Please see 80-11-1-.03 paragraphs (4) and (5) for branch requirements for the State of Georgia.

BROKERS Continuing Education

Please remember that the requirement for CE hours will begin with the FY 2008 licensing period (April 1, 2007 renewal). Licensees have had from January 1, 2006 through April 1, 2007 to obtain CE credits for this initial CE period. Beginning with the FY 2009 license renewal and going forward, April 1 through March 31 will be the period each year to obtain CE hours.

Licensees who fail to obtain credit by the April 1 deadline of any year have until June 30, 2007 to make up the credits, but will receive a \$1,000 fine for failure to obtain credit in the qualifying 12 months for that renewal period. If the CE hours are then not obtained in the make-up period, the renewal will not be approved.

Note that there was a regulation change in 2006 which states that any person licensed in any year after April 1 must have the required 12 hours of CE credit in order to renew their license. So, if a person is licensed after April 1 but prior to December 31 in any given year, they must obtain CE hours in order to renew in the next year, and in order to avoid a fine must obtain those credits prior to March 31 of the renewal year.

Holiday Closings

Department offices will be closed on the following days:

- ☀ Monday and Tuesday, December 25 & 26, 2006 for Christmas.
- ☀ Monday, January 1, 2007 in observance of the New Year's holiday

Conforming Loans (Continued from page 2)

there was a decrease in October-to-October house prices and would defer that decline for one year.

"This amount is in keeping with OFHEO's recent announcement of an orderly and transparent process for any downward adjustment," said Lockhart. "We made this decision so as not to disrupt the end-of-the-year pipeline of mortgages or the market for mortgage-backed securities," said Lockhart.

OFHEO also stated previously that additional guidance for the 2008 limits would be issued early next year.

Conforming Loan Limit/ % Increase

2007 \$417,000	0
2006 \$417,000	15.9%
2005 \$359,650	7.8%

Prior to this year's decrease, the average increase in the FHFB survey over the previous five years was **8.8 percent**.

OFHEO assumed responsibility for establishing the conforming loan limit with a February 2004 guidance.

The conforming loan limit is based on the FHFB monthly survey and not OFHEO's quarterly House Price Index (HPI), which will be released November 30.

As published on FannieMae's website, note the conforming loan limits in the table on Page 4:

2007 CONFORMING LOAN RATES



2007 Single-Family Mortgage Loan Limits

Effective January 1, 2007:

First mortgages

- One-family loans: \$417,000
- Two-family loans: \$533,850
- Three-family loans: \$645,300
- Four-family loans: \$801,950

Note: One- to four- family mortgages in Alaska, Hawaii, Guam, and the U.S. Virgin Islands are 50 percent higher than the limits for the rest of the country.

Second mortgages

- \$208,500
- In Alaska, Hawaii, Guam, and the U.S. Virgin Islands: \$312,750

Last Revised: December 01, 2006—<http://www.fanniemae.com/aboutfm/loanlimits.jhtml>



*Happy
Holidays
&
Best Wishes
For The New
Year*

2007 State Holidays

The following is a list of State Holidays when the Capitol and all State agencies will be closed in 2007.

HOLIDAY	DATE / OBSERVANCE DATE
New Year's Day	Monday, January 1
Martin Luther King Jr.'s Birthday	Monday, January 15
Confederate Memorial Day	Monday, April 23
Memorial Day	Monday, May 28
Independence Day	Wednesday, July 4
Labor Day	Monday, September 3
Columbus Day	Monday, October 8
Veterans' Day	November 11 - will be observed on Monday, November 12
Thanksgiving Day	Thursday, November 22
Robert E. Lee's Birthday	January 19 - will be observed on Friday, November 23
Christmas Day	Tuesday, December 25
Washington's Birthday	February 19 - will be observed on Monday, December 24



Governor Sonny Perdue has a campaign to put new emphasis on customer service, emphasizing **easier** access to government services, **faster** processes so customers can get business done quickly, and **friendlier** service in a customer-focused, goal-oriented culture. It is the Department's goal to provide excellent customer service, meeting and exceeding the expectations of our customers. Along those lines, we would like to recognize the following individuals for going above and beyond in serving our customers:

- ♦ **Bob Bauguss, Assistant Financial Examiner-Mortgage (Non-Depository Financial Institutions Division):** Bob received a letter from a customer stating: *"I wanted to take a moment to thank you for all of your help in the last few days with questions that I have had. You have been a vital source of information for us, and also so kind and encouraging. Again, I want to express my sincere appreciation for all of the help that you have given us. I genuinely hope that the Department of Banking and Finance realizes what a strong asset they have in you."*

CONGRATULATIONS AND GREAT JOB!!

FASTER. FRIENDLIER. EASIER.



The Department is the state agency that regulates and examines banks, credit unions, and trust companies chartered by the State. The Department also has regulatory and/or licensing authority over mortgage brokers, lenders, and processors, money service businesses, international banking organizations, and bank holding companies conducting business in Georgia.



Our **MISSION** is to promote safe, sound, competitive financial services in Georgia through innovative, responsive regulation and supervision.

Our **VISION** is to be the best financial services industry regulator in the country – Progressive. Proactive. Service-Oriented.

CEASE AND DESIST ORDERS—ISSUED

- ◆ **First Community Lending, Inc., Acworth, GA (license no. 12060)** – Cease and Desist Order issued October 17, 2006 became final on November 16, 2006.
- ◆ **Corey Mortgage Services, Inc., Atlanta, GA (license no. 6305)** – Cease and Desist Order issued September 29, 2006 became final November 1, 2006.
- ◆ **Davis, Pamela dba Wonderful Mortgage Consultant & Insurance, Jonesboro, GA** – Cease and Desist Order issued October 13, 2006 became final November 13, 2006.
- ◆ **Debt Management Consultants (DMC, LLC), Duluth, GA** – Cease and Desist Order issued October 27, 2006 became final November 27, 2006.
- ◆ **Johnson, Karen, College Park, GA** – Cease and Desist Order issued May 12, 2005 became final November 30, 2006.
- ◆ **Fairon & Associates, Inc. dba LoanNow Financial, Irvine, CA (license no. 19495)** – Cease and Desist Order issued October 3, 2006 became final November 5, 2006.
- ◆ **Mahan, Marie, Conyers, GA** – Cease and Desist issued Order October 10, 2006 became final November 10, 2006.
- ◆ **Norris, Clifford Lloyd, Lawrenceville, GA** – Cease and Desist Order October 10, 2006 became final November 10, 2006.
- ◆ **Torres, Jose, Duluth, GA** – Cease and Desist Order July 21, 2005 became final on November 7, 2006.
- ◆ **Worldwide Financial Group, Inc., Jonesboro, GA (license no. 12323)** – Cease and Desist Order issued October 25, 2006 became final November 15, 2006.

CEASE AND DESIST ORDERS—LIFTED OR RESCINDED

- ◆ None

FINAL CONSENT ORDERS —ISSUED

- ◆ None

SUPERIOR COURT INJUNCTIONS

- ◆ None

FINE PUBLICATION

FINE REASON

1 Licensees fined for Advertising Violations	1 Licensees fined for doing business w/ unlicensed entity
3 Licensees fined for Background Checks Violation	1 Licensees fined for Unapproved Branch Manager
2 Licensees fined for Books & Records	3 Licensees fined for Prohibited Acts
1 Licensee fined for Employment of a Felon	2 Licensees for Unapproved Change in Management
4 Licensee fined for Loan Files not properly maintained	2 Licensee fined for Miscellaneous/Other
2 Licensee fined for Check returned for Insufficient Funds	

**LICENSEES/REGISTRANTS REVOKED, EXPIRED, SURRENDERED, WITHDRAWN OR DENIED
IN NOVEMBER 2006**

ID#	NAME	CODE	REVOKED	EXPIRED	SURRENDERED	WITHDRAWN	DENIED
6305	COREY MTG SVCS INC	BD		11-01-2006			
7037	MTG MATTERS INC	BD				11-01-2006	
12060	1ST CMTY LENDING INC	BD		11-16-2006			
12974	PEACH PLUS FINL INC	BD				11-21-2006	
16661	JLM DIRECT FUNDING LTD	LD				11-07-2006	
19448	DEEPGREEN FINL INC	LD				11-21-2006	
19495	FAIRON & ASSOC INC	LD		11-05-2006			
21219	OASIS GRP LLC	BD				11-03-2006	
21633	EPIX FUNDING GROUP, INC.	LD					11-16-2006
21840	GA HOME FINANCIAL CORP.	BD					11-17-2006
TOTAL: 10							

LICENSEES/REGISTRANTS APPROVED OR REINSTATED IN NOVEMBER 2006

ID#	COMPANY NAME	CITY	ST	MB CODE	ORIGINAL APPROVAL	RENEWAL	REINSTATED
20163	Southern Horizon Financial Group, LLC *	Kennesaw	GA	L	04-01-2005	11-03-2006	
21893	Innovative Mortgages, Inc.	Vienna	VA	L	11-03-2006	11-03-2006	
21909	Rate One, Inc. The Mortgage People	Memphis	TN	L	11-03-2006	11-03-2006	
21910	Taneise S. Deal	Alpharetta	GA	P	11-03-2006	11-03-2006	
21921	MBA Financial Associates, Inc.	Miramar	FL	B	11-03-2006	11-03-2006	
21922	Georgia Mortgage & Funding Group, LLC	Tyrone	GA	B	11-03-2006	11-03-2006	
21940	Lexington Capital Corporation	Santa Ana	CA	L	11-03-2006	11-03-2006	
21959	Premier Choice Mortgage, LLC	College Park	GA	B	11-03-2006	11-03-2006	
21969	Abaca Mortgage, Inc.	Navarre	FL	B	11-03-2006	11-03-2006	
21971	Southern Mutual Mortgage, LLC	Duluth	GA	B	11-03-2006	11-03-2006	
21976	Life City Financial Group, LLC	Doraville	GA	B	11-03-2006	11-03-2006	
21984	Signature Mortgage Group, Inc.	Marietta	GA	B	11-03-2006	11-03-2006	
21985	Citywide Mortgage Corporation	Norcross	GA	B	11-03-2006	11-03-2006	
14335	Solstice Capital Group, Inc. #	Irvine	CA	R	04-02-1999	11-10-2006	
21847	First Access Mortgage Corp.	Hammond	LA	B	11-10-2006	11-10-2006	
21926	Quid Quo Mortgage, Inc.	Jupiter	FL	B	11-10-2006	11-10-2006	
21949	Fidelity One Finance, LLC	Miami	FL	B	11-10-2006	11-10-2006	
21952	Infinite Possibilities Worldwide, LLC	Lithonia	GA	B	11-10-2006	11-10-2006	
21953	United Home Mortgage (Inc.)	Minneapolis	MN	B	11-10-2006	11-10-2006	

LICENSEES/REGISTRANTS APPROVED OR REINSTATED IN NOVEMBER 2006

ID#	COMPANY NAME	CITY	ST	MB CODE	ORIGINAL APPROVAL	RENEWAL	REINSTATED
21960	Source 1 Lending, LLC	Atlanta	GA	B	11-10-2006	11-10-2006	
21966	GNM Enterprises, Inc. (MI)	Madison	MI	B	11-10-2006	11-10-2006	
21983	Home-Key Capital, Inc.	Auburn	GA	B	11-10-2006	11-10-2006	
21992	Gates Lending, LLC	Atlanta	GA	B	11-10-2006	11-10-2006	
20422	SunnyMTG.com 866-768-CASH, LLC *	Fort Lauderdale	FL	L	08-05-2005	11-17-2006	
21956	Julie Bordelon	Kennesaw	GA	B	11-17-2006	11-17-2006	
21963	Taylor Mortgage Broker Consulting, Inc.	Alpharetta	GA	B	11-17-2006	11-17-2006	
21977	Champion Financial Group, LLC	Savannah	GA	B	11-17-2006	11-17-2006	
21979	J & S Capital Group, Inc.	Duluth	GA	B	11-17-2006	11-17-2006	
21980	NuVision Mortgage Services, LLC	Suwanee	GA	B	11-17-2006	11-17-2006	
21988	Home Servicing, LLC (Louisiana)	Baton Rouge	LA	L	11-17-2006	11-17-2006	
21989	Trinity Freedom Mortgage, Inc.	Lilburn	GA	B	11-17-2006	11-17-2006	
21993	Atlanta Mortgage Lending, LLC	Suwanee	GA	B	11-17-2006	11-17-2006	
22005	Ameriquest Asset Management, LLC	Orange	CA	L	11-17-2006	11-17-2006	
22008	Reliance Mortgage Brokerage, Inc.	Fort Lauderdale	FL	B	11-17-2006	11-17-2006	
22009	Global Mortgage Lenders, LLC	Atlanta	GA	B	11-17-2006	11-17-2006	
21885	Discount Mortgage Warehouse, Inc.	Sunny Isles Beach	FL	L	11-24-2006	11-24-2006	
21903	Crown Mortgage Group & Associates, LLC	Deerfield Beach	FL	B	11-24-2006	11-24-2006	
21978	Regent Mortgage Funding, LLC	Naples	FL	L	11-24-2006	11-24-2006	
21999	Brand Mortgage Group, LLC	Lawrenceville	GA	L	11-24-2006	11-24-2006	
16942	American Lending Corporation	Owings Mills	MD	L	11-30-2001	11-03-2006	11-03-2006
17491	AGA Investors, LLC	Albany	GA	B	08-30-2002	11-03-2006	11-03-2006
20013	Pacific West Lending, Inc.	Carlsbad	CA	L	01-21-2005	11-10-2006	11-10-2006
20754	Branch Mortgage Consultants, Inc.	East Setauket	NY	B	11-18-2005	11-17-2006	11-17-2006
15922	Peachtree City Mortgage House, LLC	Peachtree City	GA	B	07-21-2000	11-24-2006	11-24-2006

TOTAL: 44

*	Upgrade Broker to Lender
+	Downgrade Lender to Broker
#	Upgrade Lender to Registrant
•	Downgrade Registrant to Lender

MB CODES
B = BROKER
L = LENDER
R = REGISTRANT

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