

**STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Franklin Credit Management Corporation
Registration No. SR-0010248

Enforcement Case No. 20-16213

Respondent.

_____ /

Issued and entered
on January 5, 2021
by Judith A. Weaver
Senior Deputy Director

ORDER ACCEPTING STIPULATION AND REQUIRING COMPLIANCE AND PAYMENT OF FINES

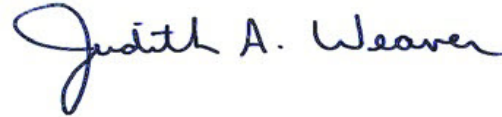
Based upon the Stipulation to Entry of Order and the files and records of the Department of Insurance and Financial Services (DIFS), the Senior Deputy Director finds and concludes that:

1. The Senior Deputy Director has jurisdiction and authority to adopt and issue this Order Accepting Stipulation and Requiring Compliance and Payment of Fines in this proceeding pursuant to the Michigan Administrative Procedures Act (APA), as amended, MCL 24.201 *et seq.*, and the Secondary Mortgage Loan Act (Act), 1981 P.A. 125, as amended, MCL 493.51 *et seq.*
2. All required notices have been issued in this case and the notices and service thereof were appropriate and lawful in all respects.
3. Acceptance of the Stipulation to Entry of Order is reasonable and in the public interest.
4. All applicable provisions of the APA have been met.
5. Respondent has given cause to justify this Order.

Now therefore, based upon the Stipulation to Entry of Order and the facts surrounding this case, **IT IS ORDERED THAT:**

- A. Respondent shall comply with all terms agreed to in the Stipulation to Entry of Order.
- B. Respondent shall pay to the State of Michigan, through DIFS, administrative and civil fines in the amount of \$4,000.00. Respondent shall pay the fines within 30 days of the invoice date as indicated on the DIFS invoice.

- C. The Senior Deputy Director retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as shall be deemed just, necessary, and appropriate in accordance with the Act. Failure to abide by the terms and provisions of the Stipulation to Entry of Order and this Order may result in the commencement of additional proceedings.

A handwritten signature in blue ink that reads "Judith A. Weaver". The signature is written in a cursive style with a large initial 'J'.

Judith A. Weaver
Senior Deputy Director

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Before the Director of the Department of Insurance and Financial Services

In the matter of:

Franklin Credit Management Corporation
Registration No. SR-0010248

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Respondent.
_____ /

**STIPULATION TO ENTRY OF ORDER
REQUIRING COMPLIANCE AND PAYMENT OF CIVIL FINES**

Franklin Credit Management Corporation (Respondent) hereby stipulates and agrees to the following:

1. In the exercise of its statutory authority and responsibility, the Department of Insurance and Financial Services (DIFS) conducted an examination of Respondent from January 23, 2020, through January 31, 2020, pursuant to the Secondary Mortgage Loan Act, 1981 P.A. 125, as amended, MCL 493.51 *et seq.* (Act). The purpose of the examination was to assess the adequacy of management and review records to determine compliance with applicable state and federal laws.
2. On or about November 5, 2020, a Notice of Opportunity to Show Compliance (NOSC) was issued by DIFS to Respondent along with a Statement of Factual Allegations, pursuant to the provisions of the Michigan Administrative Procedures Act (APA), 1969 PA 306, as amended, MCL 24.201 *et seq.*
3. The NOSC contained allegations that Respondent violated Section 25 of the Act, MCL 493.75, and set forth applicable laws and penalties.
4. Thereafter, DIFS Staff and Respondent conferred for the purpose of resolving this matter, and Respondent has determined to resolve this matter, pursuant to the terms set forth below.
5. At all pertinent times, Respondent was registered with DIFS as a secondary mortgage broker, lender, and servicer under the Act.
6. Respondent neither admits nor denies the allegations contained in the NOSC and desires to avoid the time and expense of formal proceedings and agrees to resolve this matter pursuant to this Stipulation to Entry of Order.
7. Respondent agrees to comply with the Act, especially Section 25 of the Act, MCL 493.75, and comply with applicable federal law, including: notifying borrowers in writing within five days, after receiving a loss mitigation application, that the application was either complete or incomplete; issuing periodic statements with all required information; issuing Form 1098s to customers inclusive of late fees or prepayment penalties in the interest calculation; and filing the mortgage discharge in a timely manner.

8. Respondent agrees that it will pay to the State of Michigan, through DIFS, administrative and civil fines in the amount of \$4,000.00. Respondent further agrees to pay the fine by the invoice due date.
9. Respondent agrees that the procedural requirements of the APA and Act have been met in all respects by both parties.
10. Respondent understands and agrees that this Stipulation will be presented to the Senior Deputy Director for approval. The Senior Deputy Director may, in her sole discretion, decide to accept or reject the Stipulation and Order. If the Senior Deputy Director accepts the Stipulation and Order, Respondent waives the right to a hearing in this matter and consents to the entry of the Order. If the Senior Deputy Director does not accept the Stipulation and Order, Respondent waives any objection to the Director holding a formal administrative hearing and making a decision after such hearing.
11. Respondent understands and agrees that failure to abide by and fully comply with the terms and conditions of this Stipulation and Order may, at the discretion of the Senior Deputy Director, result in further administrative compliance actions.
12. Respondent understands and acknowledges that the maximum civil fine is \$3,000.00 for each violation of the Act. Respondent understands and agrees that the amount of the civil fines has been negotiated in return for the avoidance of further proceedings and certain promises and conditions, one of which is the timely payment of civil fines. Should Respondent fail to pay the civil fine of \$4,000.00 in accordance with the terms of this Stipulation and Order, Respondent agrees that an action will commence to determine if the Respondent has, in fact, failed to pay and, if so, Respondent agrees that the civil fine will immediately increase to the maximum amount allowed for each violation under the Act and shall be immediately due in full.
13. Respondent has had an opportunity to review this Stipulation and the accompanying Order Requiring Compliance and Payment of Civil Fines and have the same reviewed by legal counsel.

Franklin Credit Management Corporation




On Behalf of Franklin Credit Management Corporation
Donald A. Knight, Corporate Counsel
Vice President & Secretary

1/5/2020

Dated

Printed Name and Title

DIFS Staff approve this Stipulation and recommend that the Senior Deputy Director issue an Order Requiring Compliance and Payment of Civil Fines.



David M. Toy (P73000)
DIFS Staff Attorney

1/5/2021

Dated