

STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION

Before the Commissioner of the Office of Financial and Insurance Regulation

In the Matter of:

Taylor, Bean & Whitaker Mortgage Corp.
315 NE 14th Street
Ocala, Florida 34470,

Enforcement Case No. 09-7388

License No. FR – 0872
Registration No. SR – 1121

Lee B. Farkas, Former Chairman of the Board,

Respondents. /

CONSENT ORDER

Issued and Entered,
This 16th day of February, 2010,
By Stephen R. Hilker,
Chief Deputy Commissioner

Based upon the Stipulation to Entry of Consent Order executed by Taylor, Bean & Whitaker Mortgage Corp. and Lee B. Farkas (“Respondents”) and the files and records of the Office of Financial and Insurance Regulation (“OFIR”) in this matter, the Commissioner FINDS and CONCLUDES that:

1. The Commissioner has jurisdiction and authority to adopt and issue this Consent Order in this proceeding, pursuant to the Michigan Administrative Procedures Act of 1969 (“MAPA”) MCL 24.201 *et seq.*, the Mortgage Brokers, Lenders, and Servicers Licensing Act (“MBLSLA”), 1987 PA 173, as amended, MCL 445.1651 *et seq.*, and the Secondary Mortgage Loan Act (“SMLA”), 1981 PA 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 parties’ Stipulation to Entry of Consent Order, incorporated herein

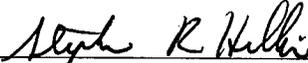
by this reference, is reasonable and in the public interest.

NOW, THEREFORE, based upon the parties' Stipulation to Entry of Consent Order and the facts surrounding this case, the Stipulation to Entry of Consent Order submitted by the parties to the Chief Deputy Commissioner is hereby ACCEPTED and IT IS HEREBY ORDERED that:

1. Respondents shall immediately CEASE AND DESIST from allegedly violating the MBLSLA and SMLA as set forth above.
2. Respondent Taylor, Bean & Whitaker Mortgage Corp.'s first mortgage lender and servicer registration, issued pursuant to provisions of the MBLSLA, shall be and hereby is voluntarily **REVOKED**.
3. Respondent Taylor, Bean & Whitaker Mortgage Corp.'s secondary mortgage lender and servicer registration, issued pursuant to provisions of the SMLA, shall be and hereby is voluntarily **REVOKED**.
4. This ORDER shall be and is effective immediately upon the date in which it is entered as shown in the caption hereof, and shall remain in effect unless terminated, modified, set aside, or suspended in writing by the commissioner.

The Commissioner specifically retains jurisdiction of the matter contained herein to issue such further order or orders as he may deem just, necessary, or appropriate to assure compliance with the law and protect the public interest.

IT IS SO ORDERED.



Stephen R. Hilker
Chief Deputy Commissioner

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STIPULATION TO ENTRY OF CONSENT ORDER

Taylor, Bean & Whitaker Mortgage Corp. (“TBW”), Lee B. Farkas, and the Office of Financial and Insurance Regulation (“OFIR”) hereby stipulate and agree to the following:

1. The Commissioner of OFIR (“Commissioner”) is statutorily charged with the responsibility and authority to administer and enforce the Mortgage Brokers, Lenders, and Servicers Licensing Act (“MBLSLA”), 1987 PA 173, as amended, MCL 445.1651 *et seq.*, and the Secondary Mortgage Loan Act (“SMLA”), 1981 PA 125, as amended, MCL 493.51 *et seq.*, pursuant to provisions therein.
2. The Commissioner is granted general supervisory power and control over all mortgage brokers, mortgage lenders, and mortgage servicers doing business in the State of Michigan pursuant to provisions of the MBLSLA or SMLA.
3. The Commissioner has jurisdiction and authority to adopt and issue this Consent Order, pursuant to the Michigan Administrative Procedures Act (“MAPA”), MCL 24.201 *et seq.*, the MBLSLA, and the SMLA.

4. TBW was granted a first mortgage lender and servicer registration, registration # FR – 0872 (“First Registration”) by the Commissioner on October 3, 2000, based upon its approved status as a seller or servicer of the Federal Home Loan Mortgage Corporation (“Freddie Mac”) or as an issuer or servicer of Government National Mortgage Association (“Ginnie Mae”), pursuant to Section 6(1)(a) and (b) of the MBLSLA, MCL 445.1656(1)(a)-(b).

5. TBW was granted a secondary mortgage lender and servicer registration, Registration # SR – 1121 (“Secondary Registration”) by the Commissioner on March 3, 2003, based upon its approved status as a first mortgage registrant and as a seller or servicer of the Freddie Mac or as an issuer or servicer of Ginnie Mae, pursuant to Section 3a(a)-(c) of the SMLA, MCL 493.53a(a)-(c).

6. The Commissioner received information from TBW, other regulatory agencies, and from media reports that TBW’s approvals as a Freddie Mac seller or servicer and as a Ginnie Mae issuer or servicer have been terminated.

7. On or about August 5, 2009, the Commissioner commenced an investigation.

8. On August 11, 2009, the Commissioner issued an Order to Cease and Desist From Violating the Mortgage Brokers, Lenders, and Servicers Licensing Act and Notice of Opportunity for Administrative Hearing (the “Order”) to TBW at its main office business address at 315 NE 14th Street, Ocala, Florida 34470.

9. The Order alleged the following facts, which TBW and Lee B. Farkas neither admit

nor deny:

- a. On or about August 4, 2009, the Federal Housing Administration (“FHA”) suspended TBW’s approval to make FHA loans.
- b. On or about August 4, 2009, Ginnie Mae defaulted and terminated TBW as an issuer and servicer of its mortgage-backed securities.
- c. On August 6, 2009, OFIR Staff contacted TBW’s General Counsel in relation to the investigation and learned from TBW’s General Counsel that TBW is no longer approved as a Freddie Mac seller or servicer or as a Ginnie Mae issuer or servicer.

- d. TBW is presently or was acting as a mortgage lender or mortgage servicer in the State of Michigan.
- e. The MBLSLA and SMLA prohibit a person that has not obtained a license or registration under the MBLSLA and/or SMLA, and is not otherwise exempt from the statutory requirements thereunder, from acting as a broker, lender, or servicer in relation to real property located in the state of Michigan.
- f. TBW's failure to maintain approval as a Freddie Mac seller or servicer or as a Ginnie Mae issuer or servicer renders it ineligible to register as a mortgage broker, mortgage lender, or mortgage servicer under the MBLSLA and/or SMLA.
- g. TBW's failure to maintain approval as a Freddie Mac seller or servicer or as a Ginnie Mae issuer or servicer renders it ineligible to hold a registration as a mortgage broker, mortgage lender, or mortgage servicer under the MBLSLA or the SMLA.
- h. TBW's failure to maintain its qualification to register under the MBLSLA and SMLA renders it ineligible to continue to act as a first or secondary mortgage broker, mortgage lender, or mortgage servicer in the State of Michigan.
- i. It is a violation of the MBLSLA and SMLA for a registrant to fail to comply with the law by continuing to act as a first or secondary mortgage broker, mortgage lender, or mortgage servicer in the State of Michigan without meeting the proper qualification(s).

10. The Order directed TBW to Cease and Desist from allegedly violating the MBLSLA and to file a Special Report with the Commissioner identifying any Michigan consumer whose residential mortgage loan is being serviced by TBW.

11. The Order provided TBW with notice of opportunity for an administrative hearing pursuant to Section 16(2) of the MBLSLA, MCL 445.1666(2).

12. On or about September 6, 2009, TBW filed a Request for Hearing of the Commissioner's Order.

13. On August 24, 2009, TBW filed a Chapter 11 Bankruptcy Petition, *In re*

Taylor, Bean & Whitaker Mortgage Corp, Case No. 3:09-bk-07047, in the United States Bankruptcy Court for the Middle District of Florida (the “Bankruptcy Proceeding”).

14. As part of the Bankruptcy Proceeding, TBW has been engaged in the orderly winding down of its business operations.

15. TBW represents that it is conducting no new origination of mortgage lending or brokerage activities in Michigan. TBW further represents that it is not actively soliciting new servicing clients and intends to wind-down all of its servicing activities shortly. However, TBW currently holds twenty-one (21) “net-funded mortgage loans” in its portfolio, which it continues to have servicing authority for. TBW explains that the twenty-one (21) “net-funded loans” are loans that TBW is in the process of negotiating agreements to sell or assign to a qualified, independent, unrelated servicer.. Section 19 of the MBLSLA, MCL 445.1669, and Section 12(1) of the SMLA, MCL 493.62(1), permit a licensee or registrant that had its license or registration revoked to continue to service mortgage loans for six (6) months pursuant to servicing contracts in existence at the time of the revocation. Subject to Section 19 of the MBLSLA and Section 12 of the SMLA, TBW voluntarily agrees to enter into this Stipulation and Consent Order to Cease and Desist from any alleged violations of the MBLSLA and SMLA and to the voluntary revocation of its first mortgage lender and servicer registration and secondary mortgage lender and servicer registration.

16. TBW agrees to notify OFIR within ten (10) business days of finalizing the sale or assignment of the twenty-one (21) “net-funded loans” referred to in paragraph 15. If it becomes apparent that the Bankruptcy Proceeding will not be discharged or the sale or assignment will not be finalized within six (6) months after the entry of this Order, as permitted by the MBLSLA and SMLA, TBW will contact OFIR.

OFIR, TBW, and Lee B. Farkas have conferred for purposes of resolving this matter and determined to resolve this matter pursuant to the terms set forth in the attached Consent Order and further stipulate and agree that:

1. The procedural requirements of the MAPA, the MBLSLA, and the SMLA have been complied with in all respects by the parties.
2. TBW and Lee B. Farkas understand and agree that this Stipulation will be

presented to the Chief Deputy Commissioner for approval. The Chief Deputy Commissioner may in his sole discretion, decide to accept or reject the Stipulation and Consent Order. If the Chief Deputy Commissioner accepts the Stipulation and Consent Order, Respondents waive the right to a hearing in this matter and consent to the entry of the Consent Order. If the Chief Deputy Commissioner does not accept the Stipulation and Consent Order, Respondents waive any objection to the Commissioner holding a formal administrative hearing and making his decision after such hearing.

3. The failure to abide by and fully comply with the terms and conditions of this Stipulation and Consent Order may, at the discretion of the Commissioner, result in further administrative compliance actions.

4. The Commissioner has jurisdiction and authority under the provisions of the MAPA, the MBLSLA, and the SMLA to accept this Stipulation to the Entry of Consent Order and to issue a Consent Order resolving these proceedings.

5. TBW and Lee B. Farkas have had an opportunity to review this Stipulation and the accompanying Consent Order and have the same reviewed by legal counsel.

TAYLOR, BEAN & WHITAKER
MORTGAGE CORP.

By: Jeffery W. Cavender, General Counsel
Jeffery W. Cavender, General Counsel

1/27/10
Dated

Lee B. Farkas

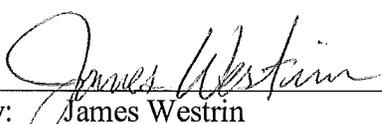


By:

1/25/2010

Dated

OFFICE OF FINANCIAL AND
INSURANCE REGULATION



By: James Westrin
Staff Attorney

2/10/10

Dated