
*
IN THE MATTER OF: *
*
CENTRAL MORTGAGE *
FUNDING, LLC *
NMLS # 1699966 *
*
(“Central Mortgage Funding”) *
*

CONSENT ORDER

WHEREAS, the Banking Commissioner (“Commissioner”) is charged with administration of Part I of Chapter 668, Sections 36a-485 to 36a-534b, inclusive, of the Connecticut General Statutes, “Mortgage Lenders, Correspondent Lenders, Brokers and Loan Originators”;

WHEREAS, Central Mortgage Funding is a Michigan limited liability company with a main office at 29777 Telegraph Rd, Suite 4500, Southfield, Michigan;

WHEREAS, since March 28, 2022, Central Mortgage Funding has been licensed as a mortgage correspondent lender in Connecticut;

WHEREAS, on November 17, 2023, Central Mortgage Funding requested renewal of its mortgage correspondent lender license in Connecticut on the Nationwide Multistate Licensing System and Registry (“NMLS”), which renewal request is currently pending;

WHEREAS, on December 12, 2023, Central Mortgage Funding submitted an application for a mortgage lender license in Connecticut on NMLS, which application is currently pending;

WHEREAS, on April 29, 2024, the Commissioner entered into a Consent Order with Central Mortgage Funding (“April 2024 Consent Order”), which required, among other items, that Central Mortgage Funding: (1) within thirty (30) days, implement policies and procedures to ensure compliance

with state and federal laws and regulations governing its mortgage operations in Connecticut, as set forth in paragraph 4 of the Consent to Entry of Sanctions; (2) within sixty (60) days, provide training to all management and any staff facilitating mortgage loan origination activity in Connecticut on state and federal law related to such activity to ensure that such persons are knowledgeable in compliance matters impacting Central Mortgage Funding's mortgage loan operations in Connecticut, as set forth in paragraph 5 of the Consent to Entry of Sanctions; (3) within ninety (90) days, develop, implement and maintain an effective compliance management system, including, but not limited to, adequate oversight of its compliance program by executive officers and senior management and the dedication of sufficient resources to the administration of the compliance program, as set forth in paragraph 6 of the Consent to Entry of Sanctions; and (4) retain a full-time employee to act as its Chief Compliance Officer, who reports directly to Central Mortgage Funding's managing member and has the authority, responsibilities and duties commonly understood for the position of a Chief Compliance Officer for a mortgage correspondent lender of the size and scope of Central Mortgage Funding, as set forth in paragraph 8 of the Consent to Entry of Sanctions;

WHEREAS, the Commissioner, through the Consumer Credit Division ("Division") of the Department of Banking, conducted an investigation of Central Mortgage Funding pursuant to Section 36a-17(a) of the Connecticut General Statutes to determine if it had complied with the provisions of the April 2024 Consent Order and if it had violated, was violating or was about to violate the provisions of the Connecticut General Statutes within the jurisdiction of the Commissioner;

WHEREAS, as a result of such investigation, the Commissioner alleges that Central Mortgage Funding: (1) violated paragraphs 4, 5, 6 and 8 of the Consent to Entry of Sanctions within the April 2024 Consent Order by failing to implement adequate policies and procedures and provide required training on Connecticut laws and regulations, implement an effective compliance management system, and retain a full-time Chief Compliance Officer who reported directly to its managing member and had the authority, responsibilities and duties commonly understood for the position of a Chief Compliance Officer; (2) failed to disclose Telephone Consumer Protection Act class action litigation on its Company (MU1)

Form filed on NMLS and inaccurately stated that it was not named in any pending financial services-related civil actions, in violation of Sections 36a-490(c) and 36a-53a of the Connecticut General Statutes; (3) filed inaccurate Mortgage Call Reports on NMLS for Quarter 1 2024, in violation of Section 36a-534b(c) of the Connecticut General Statutes; (4) made false or misleading statements in connection with the April 2024 Consent Order, including that it: (i) had received two Connecticut mortgage loan applications in January, when in fact, Central Mortgage Funding received twelve Connecticut mortgage loan applications in January 2024; (ii) ceased mortgage loan originations in Connecticut as of January 31, 2024, when in fact, four Connecticut mortgage loan applications were not withdrawn until February 2024; and (iii) ceased advertising mortgage loan products, when in fact, it continued advertising mortgage loan products in Connecticut through August 2024, in violation of Section 36a-498e(a)(10) of the 2024 Supplement to the General Statutes; (5) continued to advertise the availability of mortgage loans in Connecticut on its website when Central Mortgage Funding had ceased mortgage loan activity in Connecticut, in violation of Section 36a-498d(b)(2) of the Connecticut General Statutes; (6) failed to comply with Sections 36a-485 to 36a-498d inclusive, 36a-498h, 36a-534a and 36a-534b of the Connecticut General Statutes or failed to comply with other state law, in violation of Section 36a-498e(a)(8) of the Connecticut General Statutes, in effect at such time; and (7) failed to establish, enforce and maintain policies and procedures reasonably designed to achieve compliance with Section 36a-498e(a) of the Connecticut General Statutes, in effect at such time, in violation of Section 36a-498e(b)(1) of the Connecticut General Statutes, in effect at such time;

WHEREAS, at all times relevant hereto, Kevin Kajy, NMLS # 784272, a Connecticut licensed mortgage loan originator, was the managing member and Qualified Individual of Central Mortgage Funding. Kevin Kajy also executed the April 2024 Consent Order on behalf of Central Mortgage Funding;

WHEREAS, as a result of the investigation, the Commissioner also alleges that Mr. Kajy failed to establish, enforce and maintain policies and procedures, at Central Mortgage Funding, reasonably designed to achieve compliance with Section 36a-498e(a) of the Connecticut General Statutes, in effect at

such time, in violation of Section 36a-498e(b)(1) of the Connecticut General Statutes, in effect at such time;

WHEREAS, the Commissioner believes that the allegations against Central Mortgage Funding would support initiation of enforcement proceedings against Central Mortgage Funding, including, without limitation, proceedings to issue an order revoking and refusing to renew Central Mortgage Funding's mortgage correspondent lender license in Connecticut pursuant to Section 36a-494(a)(1) of the Connecticut General Statutes and subsections (a) and (b) of Section 36a-51 of the Connecticut General Statutes, to issue an order to cease and desist against Central Mortgage Funding pursuant to Sections 36a-494(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty upon Central Mortgage Funding pursuant to Sections 36a-494(b) and 36a-50(a) of the Connecticut General Statutes;

WHEREAS, the Commissioner believes that the allegations against Mr. Kajy would support initiation of enforcement proceedings against Mr. Kajy, including, without limitation, proceedings to issue an order revoking Mr. Kajy's mortgage loan originator license in Connecticut pursuant to Section 36a-494(a)(2) of the Connecticut General Statutes and subsections (a) and (b) of Section 36a-51 of the Connecticut General Statutes, to issue an order to cease and desist against Mr. Kajy pursuant to Sections 36a-494(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty upon Mr. Kajy pursuant to Sections 36a-494(b) and 36a-50(a) of the Connecticut General Statutes;

WHEREAS, initiation of such enforcement proceedings would constitute a "contested case" within the meaning of Section 4-166(4) of the Connecticut General Statutes. Section 4-177(c) of the Connecticut General Statutes and Section 36a-1-55(a) of the Regulations of Connecticut State Agencies provide that a contested case may be resolved by consent order, unless precluded by law;

WHEREAS, Central Mortgage Funding has represented that it has no pending Connecticut mortgage loan applications and has ceased mortgage activity in Connecticut;

WHEREAS, the Commissioner, Central Mortgage Funding and Mr. Kajy acknowledge the possible consequences of formal administrative proceedings, and Central Mortgage Funding and Mr. Kajy each voluntarily agree to consent to the entry of the sanctions imposed below without admitting or

denying any allegations set forth herein, and solely for the purpose of obviating the need for formal administrative proceedings concerning the allegations set forth herein;

WHEREAS, the Commissioner, Central Mortgage Funding and Mr. Kajy now desire to resolve the matters set forth herein;

WHEREAS, Central Mortgage Funding and Mr. Kajy each specifically assure the Commissioner that the violations alleged herein shall not occur in the future;

WHEREAS, Central Mortgage Funding and Mr. Kajy each acknowledge that they have had the opportunity to consult with and be represented by independent counsel in negotiating and reviewing this Consent Order and execute this Consent Order freely;

WHEREAS, Central Mortgage Funding and Mr. Kajy each acknowledge that this Consent Order is a public record and is a reportable event for purposes of the regulatory disclosure questions on NMLS, as applicable;

AND WHEREAS, Central Mortgage Funding and Mr. Kajy through the execution of this Consent Order, each voluntarily agree to waive their procedural rights, including a right to a notice and an opportunity for a hearing as it pertains to the allegations set forth herein, and each voluntarily waive their right to seek judicial review or otherwise challenge or contest the validity of this Consent Order.

CONSENT TO ENTRY OF SANCTIONS

WHEREAS, Central Mortgage Funding and Kevin Kajy, through the execution of this Consent Order, consent to the Commissioner's entry of a Consent Order imposing the following sanctions:

1. No later than the date this Consent Order is executed by Central Mortgage Funding, it shall remit to the Department of Banking by electronic funds transfer, cashier's check, certified check or money order, made payable to "Treasurer, State of Connecticut", the sum of Fifty Thousand Dollars (\$50,000) as a civil penalty;
2. No later than the date this Consent Order is executed by Kevin Kajy, he shall submit a request to surrender his license to engage in the business of a mortgage loan originator in Connecticut on NMLS;

3. No later than the date this Consent Order is executed by Central Mortgage Funding, Central Mortgage Funding shall withdraw its application for a mortgage lender license in Connecticut; and
4. Effective on the date this Consent Order is executed by the Commissioner, Central Mortgage Funding's license to engage in the business of a mortgage correspondent lender in Connecticut shall be **REVOKED** and **NOT BE RENEWED** pursuant to Sections 36a-494(a)(1) and 36a-494(a)(1)(C) of the Connecticut General Statutes, and subsections (a) and (b) of Section 36a-51 of the Connecticut General Statutes.

CONSENT ORDER

NOW THEREFORE, the Commissioner enters the following:

1. The Sanctions set forth above be and are hereby entered;
2. Upon issuance of this Consent Order by the Commissioner, this matter will be resolved and the Commissioner will not take any future enforcement action against Central Mortgage Funding and Kevin Kajy based upon the allegations set forth herein; provided that issuance of this Consent Order is without prejudice to the right of the Commissioner to take enforcement action against Central Mortgage Funding or Kevin Kajy based upon a violation of this Consent Order or the matters underlying its entry, if the Commissioner determines that compliance with the terms herein is not being observed or if any representation made by Central Mortgage Funding or Kevin Kajy and reflected herein is subsequently discovered to be untrue;
3. Central Mortgage Funding is released of its obligation under paragraph 8 of the April 2024 Consent Order to seek the Commissioner's acceptability of a Chief Compliance Officer candidate if an individual ceases to serve as a Chief Compliance Officer.
4. Central Mortgage Funding and Kevin Kajy shall not take any action or make or permit to be made any public statement, including in regulatory filings, any proceeding in any forum or otherwise, denying, directly or indirectly, any allegation referenced in this Consent Order or mischaracterize that this Consent Order is without factual basis. Except as specifically provided herein, Central Mortgage Funding and Kevin Kajy shall not take any position in any proceeding brought by or on behalf of the Commissioner, or to which the Commissioner is a party, that is inconsistent with any part of this Consent Order. Nothing in this provision affects Central Mortgage Funding's or Kevin Kajy's (i) testimonial obligations, or (ii) right to take any legal or factual position that may contradict an allegation in this Consent Order in litigation or other legal proceedings in which the Commissioner is not a party;
5. This Consent Order shall be binding upon Kevin Kajy, Central Mortgage Funding and its successors and assigns; and
6. This Consent Order shall become final when issued.

Issued at Hartford, Connecticut
this 26th day of December 2024.

/s/

Jorge L. Perez
Banking Commissioner

I, Kevin Kajy, state on behalf of Central Mortgage Funding, LLC that I have read the foregoing Consent Order; that I know and fully understand its contents; that I am authorized to execute this Consent Order on behalf of Central Mortgage Funding, LLC; that Central Mortgage Funding, LLC agrees freely and without threat or coercion of any kind to comply with the sanctions entered and terms and conditions ordered herein; and that Central Mortgage Funding, LLC voluntarily agrees to enter into this Consent Order, expressly waiving the procedural rights set forth herein as to the matters described herein.

By: /s/
Name: Kevin Kajy
Title: Owner
Central Mortgage Funding, LLC

State of: Michigan

County of: Oakland

On this the 23rd day of Dec. 2024, before me, Rodney Morrow, the undersigned officer, personally appeared Kevin Kajy, who acknowledged himself/herself to be the owner of Central Mortgage Funding, LLC, a member managed/manager managed limited liability company, and that he/she as such owner, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the limited liability company by himself/herself as owner.

In witness whereof I hereunto set my hand.

/s/
Notary Public
Date Commission Expires: 2/5/2028

I, Kevin Kajy, state that I have read the foregoing Consent Order; that I know and fully understand its contents; that I agree freely and without threat or coercion of any kind to comply with the sanctions entered and terms and conditions ordered herein; and that I voluntarily agree to enter into this Consent Order, expressly waiving the procedural rights set forth herein as to the matters described herein.

By: /s/
Kevin Kajy

State of: Michigan

County of: Oakland

On this the 23rd day of Dec. 2024, before me, Rodney Morrow, the undersigned officer, personally appeared Kevin Kajy, known to me (or satisfactorily proven) to be the person whose name is subscribed within the instrument and acknowledged that he/she executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand.

/s/
Notary Public
Date Commission Expires: 2/5/2028