

STATE OF NEBRASKA



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DEPARTMENT OF BANKING AND FINANCE

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FOR IMMEDIATE RELEASE

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State Agency Issues Two Orders against Iowa Mortgage Corporation

The Nebraska Department of Banking and Finance (NDBF) issued orders for Probity National Mortgage Corporation, based in West Des Moines, Iowa, to cease offering mortgages to Nebraskans, and to show cause why they should not be fined for offering loans from improperly licensed branches and their websites.

Probity held a mortgage banker license in Nebraska from Apr. 5, 2001 through May 27, 2005. The corporation failed to maintain the surety bond, required by law for the protection of consumers, and the Department cancelled its license.

Probity has done business in Nebraska under a variety of trade names. NDBF developed a new requirement in June 2004 designed to more rigorously enforce accountability and reflect ownership—allowing only one corporate name and one trade or “branch” name for each applicant conducting business in Nebraska.

In Aug. 2004, the Department discovered what appeared to be an unlicensed mortgage banker, American Eagle, with a location in Council Bluffs, Iowa, and telephone numbers for Omaha, Fremont, Hastings, Grand Island and Kearney. The Department discovered that American Eagle was, in fact, a branch of Probity until May 2004 when their agreement with Probity was terminated. Probity never notified NDBF of these branches as was required by Nebraska law.

This has prompted the Department to issue an Order to Show Cause requiring Probity to appear at a hearing, on Sept. 22, 2005, to explain why it should not be fined for failing to notify the Department of these branches. These hearings are open to the public.

“Before enforcement of the new requirement limiting the number of names, mortgage loan corporations were allowing others, in unlimited numbers, to basically rent their license,” explained Mike Cameron, NDBF Legal Counsel. “It is much easier now for Nebraskans to know who they are doing business with and much easier to hold those corporations accountable in their transactions with our citizens.”

The Department also issued a Cease and Desist Order on July 26, 2005, demanding Probity stop soliciting Nebraska customers. During June 2005, NDBF discovered that Probity’s website and online application both stated that they

made loans in Nebraska. NDBF contacted Probity and requested that it remove those claims because they were no longer licensed in the State. Probity failed to respond and its website is still soliciting loans from Nebraskans.

The Department offers a search engine at its site, www.ndbf.org, which allows anyone to search for information about the current status of financial institutions doing business in the State. The site also offers links for Nebraskans to submit complaints or questions about banking, finance and securities.

"We strongly encourage Nebraskans to research who they do business with," said Karen Reynolds, NDBF Review Examiner. "A simple phone call to NDBF or a visit to our website will reveal whether mortgage bankers are licensed to do business in our State and if we have received complaints about them."

Nebraskans are encouraged to contact Reynolds if they have done any business with Probity after May 27, 2005. If you have questions about this issue or any investing or banking matters please call the NDBF Consumer Hotline toll free at (877) 471-3445, or visit online at www.ndbf.org.

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