

BEFORE THE ARKANSAS SECURITIES COMMISSIONER

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CASE NO. C-10-0035

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IN THE MATTER OF:

ORDER NO. C-10-0035-10-OR01
ARKANSAS SECURITIES DEPT.

FREEDOM MORTGAGE
CORPORATION

RESPONDENT

CONSENT ORDER

This Consent Order is entered pursuant to the Arkansas Fair Mortgage Lending Act (“FMLA”), Ark. Code Ann. §§ 23-39-501 through 23-39-518, the Rules of the Fair Mortgage Lending Act (“Rules”), and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. §§ 25-15-101 through 25-15-219 in accordance with an agreement by and between the Staff of the Arkansas Securities Department (“Staff”) and Respondent, Freedom Mortgage Corporation (“Freedom Mortgage”) in full and final settlement of all claims that could be brought against Freedom Mortgage by the Staff on the basis of the facts set forth herein.

Freedom Mortgage admits the jurisdiction of the FMLA and the Arkansas Securities Commissioner (“Commissioner”), waives its right to a formal hearing and appeal, and without admitting or denying the findings of facts made herein, consents to the entry of this order and agrees to abide by its terms.

FINDINGS OF FACT

1. Freedom Mortgage is a mortgage broker, mortgage banker, and mortgage servicer located in Mt. Laurel, New Jersey, NMLS&R Number 2767. Freedom Mortgage’s mortgage broker, mortgage banker, and mortgage servicer’s license with the Arkansas Securities Department (“Department”) expires December 31, 2010.

2. Freedom Mortgage operated a branch office located at 1600 East Northern Avenue, Suite 250, Phoenix, Arizona. This branch office was licensed by the Department from November 30, 2006, until December 31, 2009.

3. Approximately 2,582 Arkansas residents received a solicitation or advertising letter from Freedom Mortgage on or around June 2010. The solicitation or advertising letter was allegedly sent by Freedom Mortgage's branch office located at 1600 East Northern Avenue, Suite 250, Phoenix, Arizona. These solicitation or advertising letters sent by Freedom Mortgage may have violated the FMLA and the Rules, as they were allegedly sent from an unlicensed branch location.

LEGAL AUTHORITY AND CONCLUSIONS OF LAW

4. A branch office is a location separate and distinct from the licensee's principal place of business from business is conducted under the license or in the name of the mortgage broker, mortgage banker, or mortgage servicer and the address of which appears on advertising used by the licensee in connection with business conducted under the Act. Ark. Code Ann. § 23-39-502(3)(A). Freedom Mortgage allegedly used a branch office's address in an advertisement, without holding a license for the branch office.

5. Pursuant to Ark. Code Ann. § 23-39-505(i) each branch office of a mortgage broker, mortgage banker, or mortgage servicer licensed under the Act shall obtain a separate license. If proven, the failure of Freedom Mortgage to obtain a license from the Department for the branch office conducting mortgage loan activity in Arkansas as detailed in ¶ 3 would constitute a violation by Freedom Mortgage.

6. In accordance with Ark. Code Ann. § 23-39-514(a)(1) the entry of this order is in the public interest.

7. The Commissioner by order may impose a civil penalty that shall not exceed \$10,000.00 for each violation by a mortgage broker, mortgage banker, or mortgage servicer upon a licensee or partner, officer, director, member, manager, or other person occupying a similar status or performing a similar function on behalf of a licensee for any violation of the FMLA. Ark. Code Ann. § 23-39-514(b)(1) & (2). If proven, the acts and alleged violations of the FMLA and Rules by

Freedom Mortgage as detailed in ¶ 3 would warrant the entry of appropriate civil penalties against Freedom Mortgage as authorized by Ark. Code Ann. § 23-29-514(b)(1) & (2).

8. Pursuant to Ark. Code Ann. § 23-39-514(k) the FMLA permits the informal disposition of an allegation by consent order. Freedom Mortgage and the Commissioner agree that the acts and alleged violations of the FMLA by Freedom Mortgage as detailed in ¶ 3 should be resolved via the entry of a consent order.

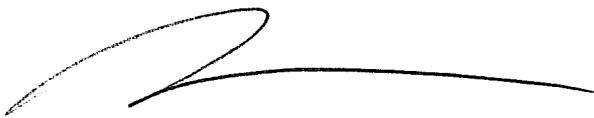
ORDER

By agreement and with the consent of the Staff and the authorized representative of Freedom Mortgage, it is hereby ordered that Freedom Mortgage shall be responsible for the payment of a settlement in the amount of \$3,000.00 to the Arkansas Securities Department within thirty (30) calendar days of the entry of this Consent Order. In addition, Freedom Mortgage agrees to obtain a branch office license prior to soliciting, accepting, or negotiating mortgage loans from a branch office location.

WITNESS MY HAND AND SEAL on this 23rd day of August, 2010.


A. HEATH ABSHURE
Arkansas Securities Commissioner

I hereby agree to the entry of this Consent Order, and consent to all terms, conditions, and orders contained therein, and waive any right to an appeal from this order.


Stanley Middleman
President, Freedom Mortgage Corporation

8-20-10
Date

David Altman

David Altman
Chief Corporate Counsel

8/20/10

Date

[Signature]

Karyn Tierney
Staff Attorney

August 23, 2010

Date