

BEFORE THE ARKANSAS SECURITIES COMMISSIONER
CASE NO. C-12-0106

ARKANSAS SECURITIES DEPT.

IN THE MATTER OF

ORDER NO. C-12-0106-12-OR01

AMERICAHOMEKEY, INC.

RESPONDENT

NOTICE OF HEARING &
ORDER SUMMARILY SUSPENDING LICENSE OF AMERICAHOMEKEY, INC.

On July 24, 2012, the Staff of the Arkansas Securities Department (“Staff”) submitted its Request for Summary Suspension of License, Revocation of License, and Hearing (“Request”), which is attached hereto as **Exhibit A**. The Request alleges that AmericaHomeKey, Inc. (“AHK”), violated various provisions of the Arkansas Fair Mortgage Lending Act (“FMLA”), Ark. Code Ann. §§ 23-39-501 through 23-39-518, seeks a revocation of AHK’s mortgage banker, mortgage broker, and mortgage servicer license, and requests a summary suspension of the mortgage banker, mortgage broker, and mortgage servicer license pending a hearing on the revocation of the license. The Arkansas Securities Commissioner (“Commissioner”) has reviewed the Request and, in reliance upon the facts alleged therein, finds the following:

FINDINGS OF FACT

1. The Staff’s Request asserts the following representations of fact:
 - a. AHK is a Texas corporation with its principal place of business located at 3838 Oak Lawn Avenue, Suite 1050, Dallas, Texas 75219. AHK has been licensed as a mortgage banker, mortgage broker, and mortgage servicer with the Arkansas Securities Department (“Department”) since May 17, 2011. AHK was first licensed with the Department as a mortgage banker from July 26, 2007,

until the approval of its mortgage broker and mortgage servicer license on May 17, 2011.

b. On April 13, 2012, the Department received a notification from Hartford Fire Insurance Company, AHK's surety company, of the impending termination of AHK's surety bond on June 22, 2012.

c. The Staff contacted AHK through the Nationwide Mortgage Licensing System & Registry ("NMLS&R") on April 9, 2012, concerning the impending termination of AHK's surety bond and requesting either a new surety bond or a written notice of the reinstatement of the existing surety bond by no later than June 8, 2012.

d. As of the date of this Request, AHK has failed to remit either a new surety bond or a written notice of the reinstatement of AHK's existing surety bond, and has failed to respond in any manner to the Staff's April 9, 2012, notification through NMLS&R.

e. AHK failed to file its quarterly report of mortgage activity, commonly known as a Mortgage Call Report ("MCR"), for the first quarter of 2012 with the Department before its due date of May 15, 2012.

f. The Staff contacted AHK by certified mail on May 21, 2012, concerning the failure of AHK to file its quarterly MCR in Arkansas by the deadline, and notified AHK of the Staff's intention to file a complaint if AHK did not submit evidence of compliance by June 15, 2012.

g. As of the date of this Request, AHK has failed to submit evidence of compliance to the Staff or to respond in any manner to the Staff's May 21, 2012, notice of intention to file a complaint.

h. On May 24, 2012, the Staff discovered that the mailing address for AHK currently displayed on its website, <http://www.americahomekey.com>, is 3824 Cedar Springs Road, #442, Dallas, Texas 75219, which the Staff's research shows is the address for the United Parcel Service Store #3812, and not an actual office space. Furthermore, this address does not correspond with AHK's principal place of business listed on NMLS&R as 3838 Oak Lawn Avenue, Suite 1050, Dallas, Texas 75219.

i. As of the date of this Request, the Staff has not received a report of a change of address from AHK for the principal place of business, a branch office, or a location in which the files pertaining to mortgage loan transactions are maintained.

j. As of the date of this Request, the Staff has also been unable to make contact with AHK by telephone, as the telephone number listed on AHK's website at <http://www.americahomekey.com>, 1-888-570-4772, prompts callers to leave a voice message and offers no opportunity to speak directly to a representative of AHK. The Staff left a voice message on this telephone line on May 24, 2012, and, as of the date of this Request, has received no contact from representatives of AHK. Furthermore, the Staff's attempt to contact the telephone number listed on NMLS&R, 214-257-1100, established that the number is no longer in service.

k. The Staff's review of NMLS&R found that on May 17, 2012, the California Department of Corporations, which regulates consumer and commercial lenders, including mortgage lenders, revoked AHK's California Finance Lenders License due to AHK's failure to file an annual report as required by the California Finance Code. Additionally, On June 26, 2012, the Wisconsin Department of Financial Institutions revoked AHK's Wisconsin mortgage banker and mortgage broker licenses for its failure to maintain a surety bond pursuant to the Wisconsin laws relating to mortgage bankers, mortgage brokers, and loan originators.

2. The Request initiated a proceeding to revoke AHK's license as a mortgage banker, mortgage broker, and mortgage servicer within the meaning of Ark. Code Ann. § 23-39-514(c)(1).

CONCLUSIONS OF LAW

3. Each mortgage broker, mortgage banker, and mortgage servicer licensed by the Department shall post a surety bond in the amount prescribed by rule or order of the Commissioner. Ark. Code Ann. § 23-39-505(f).

4. All licensees with surety bonds under the FMLA must ensure that the full amount of the surety bond is in effect at all times. Failure to maintain the surety bond at the required level shall be grounds for disciplinary action. Rule 5005-8(f) of the Rules of the FMLA ("Rules").

5. AHK violated Ark. Code Ann. § 23-39-505(f) and Rule 5005-8(f) of the Rules when, upon termination of its existing surety bond, it failed to remit either a new surety bond or a written notice of the reinstatement of AHK's existing surety bond.

6. A person required to be licensed as a mortgage banker, mortgage broker, and mortgage servicer under the FMLA shall provide the Commissioner with a quarterly report of mortgage activity. Ark. Code Ann. § 23-39-510(a)(6).

7. A mortgage broker or mortgage banker licensed at any time in Arkansas during the reporting period shall file a quarterly report containing information regarding the mortgage activity in Arkansas. The quarterly report must be filed with the Commissioner no later than forty-five days from the end of every calendar quarter. Rule 5010-3 of the Rules.

8. AHK violated Ark. Code Ann. § 23-39-510(a)(6) and Rule 5010-3 of the Rules when it failed to file its quarterly MCR for the first quarter of 2012 with the Department.

9. A mortgage banker, mortgage broker, or mortgage servicer shall report a change of address of the principal place of business, a branch office, or a location in which the files pertaining to the mortgage loan transactions are maintained within thirty days after the change. Ark. Code. Ann. § 23-39-509(e)(1).

10. AHK violated Ark. Code Ann. § 23-39-509(e)(1) when it failed to report a change of address within thirty days after the change was made, which was on or before the date of the Staff's discovery of the change on May 24, 2012.

11. The Commissioner by order may deny, suspend, revoke, or refuse to issue a license of a licensee if the Commissioner finds that the order is in the public interest and the licensee has violated or failed to comply with any provision of the FMLA, the Rules, or any order of the Commissioner; is the subject of an order, including a revocation of authority to engage in a regulated activity by any other state authority to which the person is, has been, or has sought to be subject, entered within the past five years, including without limitation the mortgage

industry; or does not meet the qualifications of any bond requirements. Ark. Code Ann. § 23-39-514(a)(1) and (a)(2)(B), (F), and (H).

12. The definition of a “pleading” includes all forms of requests that are placed before the Commissioner. Rule 5002(13) of the Rules. The filing of a pleading by the Staff with the Commissioner shall be deemed to be the institution of a proceeding. The entering of a summary order suspending a license shall be deemed to be the institution of a proceeding as well. Rule 5014-2.02(b) of the Rules.

13. The Commissioner by order may summarily suspend the license of a licensee pending final determination of any proceeding under Ark. Code Ann. § 23-39-514 of the FMLA. Ark. Code Ann. § 23-39-514(c)(1). Based upon the Findings of Fact and the Conclusions of Law, it is in the public interest to summarily suspend the license of AHK pending a final determination of the allegations in the Request, and therefore, this Order is appropriate according to Ark. Code Ann. § 23-39-514(c)(1).

14. Pursuant to Ark. Code Ann. § 23-39-514(k), Rule 5014-3.08, and Rule 5014-4.01 of the Rules, AHK is entitled to prior notice and the opportunity for a hearing on the matters of fact and law asserted in the Request regarding the revocation of AHK’s mortgage banker, mortgage broker, and mortgage servicer license. Such hearing shall be governed by the Arkansas Administrative Procedures Act, Ark. Code Ann. §§ 25-15-201 through 25-15-219, and the FMLA, Ark. Code Ann. §§ 23-39-501 through 23-39-518.

NOTICE OF HEARING

15. AHK and the Staff are hereby notified that a hearing on the revocation of the mortgage banker, mortgage broker, and mortgage servicer license of AHK shall take place on **Tuesday, September 18, 2012, at 9:00 a.m. Central Time**, at the following location:

Arkansas Securities Department
4th Floor Hearing Room
201 East Markham Street
Little Rock, Arkansas 72201

All requests or submissions in connection with the hearing, including any request to modify the date or time of the hearing; to participate telephonically rather than through personal appearance; or to waive the right to the hearing shall be submitted in writing to the Commissioner at the following address:

Arkansas Securities Commissioner
201 East Markham Street
Suite 300
Little Rock, Arkansas 72201

16. At the hearing, the Staff shall present evidence supporting its Request that the mortgage banker, mortgage broker, and mortgage servicer license of AHK should be revoked. AHK and its attorneys will be given an opportunity to respond and present evidence on all issues presented at the hearing. All witness testimony taken at the hearing will be under oath in the presence of a court reporter.

17. Pursuant to Rule 5014-4.09 of the Rules, if AHK fails to appear or participate in the administrative hearing after proper service of this notice, the Staff may proceed with the hearing and the Commissioner may render a decision in AHK's absence, in which case the allegations against AHK may be deemed admitted. Without further proceedings or notice to AHK, the Commissioner shall issue a final decision and may, if deemed necessary, receive evidence from the Staff, as part of the record, concerning the appropriateness of the amount of any civil penalty sought in the Request.

ORDER

The mortgage banker, mortgage broker, and mortgage servicer license of AmericaHomeKey, Inc., License No. 40325, is hereby summarily suspended along with all rights and privileges associated therewith. This Order shall remain in full force and effect pending the hearing on the Staff's request to revoke the subject license, which has been scheduled for **Tuesday, September 18, 2012, at 9:00 a.m. Central Time.**

Should AHK desire an expedited hearing on the summary suspension of AHK's mortgage banker, mortgage broker, and mortgage servicer license, a written request should be made to the Commissioner within thirty days of the date that the Order is mailed to the Respondent. Ark. Code Ann. § 23-39-514(c)(3). Such request should be made to the following address:

Arkansas Securities Commissioner
201 East Markham Street
Suite 300
Little Rock, Arkansas 72201

IT IS SO ORDERED.


A. Heath Abshure
Arkansas Securities Commissioner

July 30, 2012
Date

Notice and Order Prepared By:

Amber E. Crouch
Arkansas Bar No. 2010216
Staff Attorney
Arkansas Securities Department
201 East Markham Street, Suite 300
Little Rock, Arkansas 72201
Telephone: 501-324-8677

RECEIVED

BEFORE THE ARKANSAS SECURITIES COMMISSIONER 12 JUL 24 PM 2:41
CASE NO. C-12-0106 ARKANSAS SECURITIES DEPT.

IN THE MATTER OF

AMERICAHOMEKEY, INC.

RESPONDENT

REQUEST FOR SUMMARY SUSPENSION OF LICENSE,
REVOCATION OF LICENSE, AND HEARING

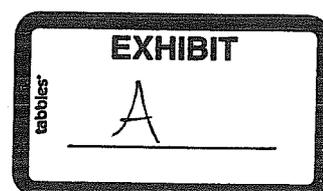
Comes now the Staff of the Arkansas Securities Department (“Staff”), by and through its attorney, Amber E. Crouch, and for its Request for Summary Suspension of License, Revocation of License, and Hearing (“Request”), states as follows:

ADMINISTRATIVE AUTHORITY

This Request involves the summary suspension of and the revocation of a license to conduct business as a mortgage banker, mortgage broker, and mortgage servicer pursuant to the Arkansas Fair Mortgage Lending Act (“FMLA”), Ark. Code Ann. §§ 23-39-501 through 23-39-518, and therefore is properly before the Arkansas Securities Commissioner (“Commissioner”).

RESPONDENT

1. AmericaHomeKey, Inc. (“AHK”) is a Texas corporation with its principal place of business located at 3838 Oak Lawn Avenue, Suite 1050, Dallas, Texas 75219. AHK has been licensed as a mortgage banker, mortgage broker, and mortgage servicer with the Arkansas Securities Department (“Department”) since May 17, 2011. AHK was first licensed with the Department as a mortgage banker from July 26, 2007, until the approval of its mortgage broker and mortgage servicer license on May 17, 2011.



FINDINGS OF FACT

2. Each mortgage banker, mortgage broker, and mortgage servicer licensed by the Department is required to post a corporate surety bond that must remain in effect at all times.

3. On April 13, 2012, the Department received a notification from Hartford Fire Insurance Company, AHK's surety company, of the impending termination of AHK's surety bond on June 22, 2012.

4. The Staff contacted AHK through the Nationwide Mortgage Licensing System & Registry ("NMLS&R") on April 9, 2012, concerning the impending termination of AHK's surety bond and requesting either a new surety bond or a written notice of the reinstatement of the existing surety bond by no later than June 8, 2012.

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6. Each mortgage banker, mortgage broker, and mortgage servicer licensed by the Department is required to file a quarterly report of mortgage activity, commonly known as a Mortgage Call Report ("MCR"), with the Department no later than forty-five days from the end of each calendar quarter.

7. AHK failed to file its quarterly MCR for the first quarter of 2012 with the Department before its due date of May 15, 2012.

8. The Staff contacted AHK by certified mail on May 21, 2012, concerning the failure of AHK to file its quarterly MCR in Arkansas by the deadline, and notified AHK of the Staff's intention to file a complaint if AHK did not submit evidence of compliance by June 15, 2012.

9. As of the date of this Request, AHK has failed to submit evidence of compliance to the Staff or to respond in any manner to the Staff's May 21, 2012, notice of intention to file a complaint.

10. Each mortgage banker, mortgage broker, or mortgage servicer shall maintain a principal place of business, which is a stationary construction consisting of at least one enclosed room or business in which negotiations of mortgage loan transactions of others may be conducted in private or in which the primary business functions of the licensee are conducted.

11. Each mortgage banker, mortgage broker, or mortgage servicer is required to report a change of address of the principal place of business, a branch office, or a location in which the files pertaining to mortgage loan transactions are maintained within thirty days after the change.

12. On May 24, 2012, the Staff discovered that the mailing address for AHK currently displayed on its website, <http://www.americahomekey.com>, is 3824 Cedar Springs Road, #442, Dallas, Texas 75219, which the Staff's research shows is the address for the United Parcel Service Store #3812, and not an actual office space. Furthermore, this address does not correspond with AHK's principal place of business listed on NMLS&R as 3838 Oak Lawn Avenue, Suite 1050, Dallas, Texas 75219.

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15. A review of NMLS&R shows that on May 17, 2012, the California Department of Corporations, which regulates consumer and commercial lenders, including mortgage lenders, revoked AHK's California Finance Lenders License due to AHK's failure to file an annual report as required by the California Finance Code. Additionally, On June 26, 2012, the Wisconsin Department of Financial Institutions revoked AHK's Wisconsin mortgage banker and mortgage broker licenses for its failure to maintain a surety bond pursuant to the Wisconsin laws relating to mortgage bankers, mortgage brokers, and loan originators.

16. The Commissioner has the authority to revoke a license by order if it is found that the order is in the public interest and the person has violated or failed to comply with any provision of the FMLA or the Rules of the FMLA ("Rules"); is the subject of a revocation of authority to engage in a regulated activity by any other state within the past five years, including the mortgage industry; or does not meet the qualifications of any bond requirements.

CONCLUSIONS OF LAW

17. Each mortgage broker, mortgage banker, and mortgage servicer licensed by the Department shall post a surety bond in the amount prescribed by rule or order of the Commissioner. Ark. Code Ann. § 23-39-505(f).

18. All licensees with surety bonds under the FMLA must ensure that the full amount of the surety bond is in effect at all times. Failure to maintain the surety bond at the required level shall be grounds for disciplinary action. Rule 5005-8(f) of the Rules.

19. AHK violated Ark. Code Ann. § 23-39-505(f) and Rule 5005-8(f) of the Rules when, upon termination of its existing surety bond, it failed to remit either a new surety bond or a written notice of the reinstatement of AHK's existing surety bond.

20. A person required to be licensed as a mortgage banker, mortgage broker, and mortgage servicer under the FMLA shall provide the Commissioner with a quarterly report of mortgage activity. Ark. Code Ann. § 23-39-510(a)(6).

21. A mortgage broker or mortgage banker licensed at any time in Arkansas during the reporting period shall file a quarterly report containing information regarding the mortgage activity in Arkansas. The quarterly report must be filed with the Commissioner no later than forty-five days from the end of every calendar quarter. Rule 5010-3(a)(1) of the Rules.

22. AHK violated Ark. Code Ann. § 23-39-510(a)(6) and Rule 5010-3(a)(1) of the Rules when it failed to file its quarterly MCR for the first quarter of 2012 with the Department.

23. A mortgage banker, mortgage broker, or mortgage servicer shall report a change of address of the principal place of business, a branch office, or a location in which the files pertaining to the mortgage loan transactions are maintained within thirty days after the change. Ark. Code. Ann. § 23-39-509(e)(1).

24. AHK violated Ark. Code Ann. § 23-39-509(e)(1) when it failed to report a change of address within thirty days after the change was made, which was on or before the date of the Staff's discovery of the change on May 24, 2012.

25. The Commissioner by order may revoke a license of a licensee if the Commissioner finds that the order is in the public interest and the licensee has violated or failed to comply with any provision of the FMLA, the Rules, or any order of the Commissioner; is the subject of an order, including a revocation of authority to engage in a regulated activity by any

other state authority to which the person is, has been, or has sought to be subject, entered within the past five years, including without limitation the mortgage industry; or does not meet the qualifications of any bond requirements. Ark. Code Ann. § 23-39-514(a)(1) and (a)(2)(B), (F), and (H).

26. Pursuant to Ark. Code Ann. § 23-39-514(a)(1) and (a)(2)(B), (F), and (H), the Commissioner should by order revoke AHK's license as AHK has violated various provisions of the FMLA and Rules; was the subject of a revocation of its mortgage lending licenses in the states of California and Wisconsin within the past five years; and fails to meet the bond requirements as set forth in the FMLA and Rules.

27. The Commissioner by order may impose a civil penalty upon a licensee for any violation of the FMLA or Rules that shall not exceed \$10,000.00 for each violation. Ark. Code Ann. § 23-39-514(b)(1) and (2).

28. The Commissioner by order may summarily suspend the license of a licensee pending final determination of any proceeding under Ark. Code Ann. § 23-39-514 of the FMLA. Ark. Code Ann. § 23-39-514(c)(1).

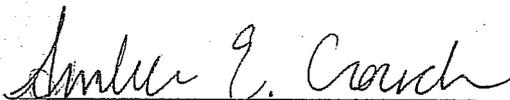
REQUESTED RELIEF

For the reasons set forth herein, the Staff requests the immediate summary suspension of the mortgage banker, mortgage broker, and mortgage servicer license of AmericaHomeKey, Inc. pending a hearing on this Request, pursuant to Ark. Code Ann. § 23-39-514(c)(1).

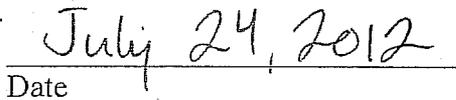
Additionally, the Staff requests that a hearing be scheduled to determine whether the mortgage banker, mortgage broker, and mortgage servicer license of AHK should be revoked. The Staff further requests the imposition of a reasonable civil penalty for AHK's failure to maintain a surety bond, in violation of Ark. Code Ann. § 23-39-505(f) and Rule 5005-8(f) of the

Rules; failure to file a quarterly report of mortgage activity, in violation of Ark. Code Ann. § 23-39-510(a)(6) and Rule 5010-3(a)(1) of the Rules; and failure to notify the Commissioner of a change of address within thirty days from the date of the address change, in violation of Ark. Code Ann. § 23-39-509(e)(1).

Respectfully submitted,



Amber E. Crouch
Arkansas Bar No. 2010216
Staff Attorney
Arkansas Securities Department
201 East Markham Street, Suite 300
Little Rock, Arkansas 72201
Direct Phone: (501) 324-8677


Date