

**STATE OF ARKANSAS  
SECURITIES DEPARTMENT**

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**IN THE MATTER OF**

**COMMUNITY HOME MORTGAGE  
CORPORATION D/B/A COMMUNITY  
MORTGAGE FUNDING CORPORATION  
MELLVILLE, NY**

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**ORDER NO. C-02-032-02-CD01**

**CEASE AND DESIST ORDER AND  
REVOCATION OF MORTGAGE LOAN COMPANY  
EXEMPTION FROM REGISTRATION  
PURSUANT TO ARK. CODE ANN. § 23-39-306(a)(4)**

Arkansas Securities Commissioner Michael B. Johnson, of the Arkansas Securities Department (“Department”), upon sufficient evidence presented to him, has reason to believe that **COMMUNITY HOME MORTGAGE CORPORATION D/B/A COMMUNITY MORTGAGE FUNDING CORPORATION (“COMMUNITY”)** has failed to comply with the provisions of the Arkansas Mortgage Loan Company and Loan Broker Act, Ark. Code Ann. § 23-39-101, *et seq.*, (“Act”) and has thereby lost its exemption from registration pursuant to Ark. Code Ann. § 23-39-306(a)(4).

**FINDINGS OF FACT**

1. The Department received a request for exemption from registration as a mortgage loan company pursuant to Ark. Code Ann. § 23-39-306(a)(4) from **COMMUNITY** on April 27, 2001. The request for exemption was approved and a letter issued May 2, 2001.
2. On October 3, 2002, the Department received Notice of Cancellation from Hartford Fire Insurance Company reflecting that **COMMUNITY’s** Surety Bond Number 16BSBAU2553 would be terminated November 17, 2002.

3. By certified letter dated October 3, 2002, Rhys G. Rogers, a Securities Examiner Supervisor with the Department, (i) advised **COMMUNITY** that the Act required the \$35,000.00 surety bond to remain in force at all times, (ii) enclosed a copy of the Notice of Cancellation received from Hartford Fire Insurance Company, and (iii) requested that **COMMUNITY** file a replacement bond by the November 17, 2002, expiration date. The signed return receipt reflects that **COMMUNITY** received the October 3, 2002, certified letter on October 10, 2002.
4. Pursuant to the Notice of Cancellation, **COMMUNITY's** \$35,000.00 surety bond issued by Hartford Fire Insurance Company expired on November 17, 2002, and **COMMUNITY** has not filed a replacement surety bond.

#### **CONCLUSIONS OF LAW**

5. The Commissioner is charged with the administration and enforcement of the Act pursuant to Ark. Code Ann. § 23-39-201 (Repl. 1994).
6. Ark. Code Ann. § 23-39-304(a)(1) (Supp. 1999) requires each mortgage loan company to deposit a \$35,000.00 corporate surety bond with the Commissioner.
7. Ark. Code Ann. § 23-39-307(b) (Supp. 1999) provides for revocation of an exemption from registration if the company does not conduct its business in accordance with law or has violated any provision of the Act.

### OPINION

8. This matter has been properly brought before the Commissioner in accordance with Ark. Code Ann. § 23-39-201 (Repl. 1994). **COMMUNITY's** failure to maintain a \$35,000.00 surety bond in accordance with Ark. Code Ann. § 23-39-304(a)(1) (Repl. 1999) is a violation of the Act which constitutes grounds to revoke **COMMUNITY's** exemption from registration.
9. Pursuant to Ark. Code Ann. § 23-39-307(a)(3) (Supp. 1999), the Commissioner can and should revoke **COMMUNITY's** exemption from registration.
10. This order is in the public interest.

### ORDER

IT IS THEREFORE ORDERED pursuant to Ark. Code Ann. § 23-39-202(b)(1) that **COMMUNITY HOME MORTGAGE CORPORATION D/B/A COMMUNITY MORTGAGE FUNDING CORPORATION** CEASE AND DESIST from engaging in all mortgage loan and loan brokering activities including advertising, offering and conducting mortgage loan company and loan brokering business.

IT IS FURTHER ORDERED that the exemption from registration provided **COMMUNITY HOME MORTGAGE CORPORATION D/B/A COMMUNITY MORTGAGE FUNDING CORPORATION** under Ark. Code Ann. § 23-39-306(a)(4) be revoked in accordance with Ark. Code Ann. § 23-39-307(a)(3) (Supp. 1999).

IT IS FURTHER ORDERED that all pending mortgage loan applications now held by **COMMUNITY HOME MORTGAGE CORPORATION D/B/A COMMUNITY MORTGAGE FUNDING CORPORATION** shall immediately be transferred to a duly registered or exempted mortgage loan company or loan broker and proof of such filed within ten (10) days of the receipt of this Order.

**COMMUNITY HOME MORTGAGE CORPORATION D/B/A COMMUNITY MORTGAGE FUNDING CORPORATION** is hereby notified of its right to a hearing regarding this matter. However, if no written application for a hearing is made within twenty (20) days of the entry of this Order, this Order will become final.

WITNESS MY HAND AND SEAL this 22nd day of November, 2002.

A handwritten signature in black ink, appearing to read "M. Johnson". The signature is written in a cursive, flowing style with a large initial "M" and a long, sweeping tail.

MICHAEL B. JOHNSON  
ARKANSAS SECURITIES COMMISSIONER