

**STATE OF ARKANSAS
SECURITIES DEPARTMENT**

IN THE MATTER OF

**FIRST AMERICAN MORTGAGE
SECURITIES OF ARKANSAS, INC.
CAVE SPRINGS, AR**

ORDER NO. C-05-014-05-CD01

**CEASE AND DESIST ORDER AND REVOCATION
OF MORTGAGE BROKER LICENSE # 10049**

Arkansas Securities Commissioner Michael B. Johnson, of the Arkansas Securities Department ("Department"), upon sufficient evidence presented to him, has reason to believe that **FIRST AMERICAN MORTGAGE SECURITIES OF ARKANSAS, INC. ("FIRST AMERICAN")** has failed to comply with the provisions of the Arkansas Fair Mortgage Lending Act, Ark. Code Ann. § 23-39-501, *et seq.*, ("Act") and has thereby lost its mortgage broker license pursuant to Ark. Code Ann. § 23-39-514(a)(2)(B).

FINDINGS OF FACT

1. The Department approved and issued the initial license to **FIRST AMERICAN** on April 15, 2002.
2. On January 10, 2005, the Department received Notice of Cancellation from International Fidelity Insurance Company reflecting that **FIRST AMERICAN's** Surety Bond Number 0278208-0022 would be terminated March 6, 2005.

3. By letter dated January 24, 2005, Rhys G. Rogers, a Senior Examiner with the Department, (i) advised **FIRST AMERICAN** that the Act required the \$50,000.00 surety bond to remain in force at all times, (ii) enclosed a copy of the Notice of Cancellation received from International Fidelity Insurance Company, and (iii) requested that **FIRST AMERICAN** file a replacement bond by the March 6, 2005, expiration date. Mr. Rogers' letter was delivered via facsimile to 1.479.248.1586 (receipt confirmation 01/24 @ 11:56) and regular U.S. mail.
4. Pursuant to the Notice of Cancellation, **FIRST AMERICAN's** \$50,000.00 surety bond issued by International Fidelity Insurance Company expired on March 6, 2005, and **FIRST AMERICAN** 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. § 23-39-503.
6. Ark. Code Ann. § 23-39-505(f)(1) requires each mortgage broker to deposit a \$50,000.00 corporate surety bond with the Commissioner.
7. Ark. Code Ann. § 23-39-514 provides for revocation of a license if the licensee 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. § 23-39-514. **FIRST AMERICAN's** failure to maintain a \$50,000.00 surety bond in accordance with Ark. Code Ann. § 23-39-505(f)(1) is a violation of the Act which constitutes grounds to revoke **FIRST AMERICAN's** mortgage broker license.
9. Pursuant to Ark. Code Ann. § 23-39-514, the Commissioner can and should revoke **FIRST AMERICAN's** mortgage broker license.
10. This Order is in the public interest.

ORDER

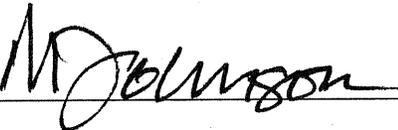
IT IS THEREFORE ORDERED pursuant to Ark. Code Ann. § 23-39-514(a)(2)(B) that **FIRST AMERICAN MORTGAGE SECURITIES OF ARKANSAS, INC.** CEASE AND DESIST from engaging in all mortgage brokering activities in Arkansas, including advertising, offering and conducting mortgage brokering business.

IT IS FURTHER ORDERED that the mortgage broker license provided **FIRST AMERICAN MORTGAGE SECURITIES OF ARKANSAS, INC.** under Ark. Code Ann. § 23-39-505 be revoked in accordance with Ark. Code Ann. § 23-39-514(a)(2)(B).

IT IS FURTHER ORDERED that all pending mortgage loan applications now held by **FIRST AMERICAN MORTGAGE SECURITIES OF ARKANSAS, INC.** shall immediately be transferred to a duly licensed mortgage banker or mortgage broker and proof of such filed within ten (10) days of the receipt of this Order.

FIRST AMERICAN MORTGAGE SECURITIES OF ARKANSAS, INC. is hereby notified of its right to a hearing regarding this matter. However, if no written application for a hearing is made within thirty (30) days of the entry of this Order, this Order will become final.

WITNESS MY HAND AND SEAL this 11th day of March, 2005.



MICHAEL B. JOHNSON

ARKANSAS SECURITIES COMMISSIONER