

**STATE OF ARKANSAS
SECURITIES DEPARTMENT**

IN THE MATTER OF

ORDER NO. C-07-023-07-CO01

U.S. MORTGAGE & INVESTMENTS

RESPONDENT

CONSENT ORDER

This Consent Order is entered pursuant to the Arkansas Fair Mortgage Lending Act, codified at Ark. Code Ann. § 23-39-501, *et seq.* (“the Act”), and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. §§ 25-15-201, *et seq.* in accordance with an agreement by and between the Staff of the Arkansas Securities Department (“the Staff”), U.S. MORTGAGE & INVESTMENTS (“U.S. MORTGAGE”) in full settlement of all matters and claims arising in the above referenced matter. U.S. MORTGAGE enters into this Consent Order for the purpose of resolving allegations by the Staff of unlicensed mortgage loan activity, consents to the entry of this order and agrees to abide by its terms.

FINDINGS OF FACT

1. U.S. MORTGAGE, at the time of all actions, was a licensed mortgage broker with the Arkansas Securities Department (“Department”), Arkansas license number 19919.
2. The Department received information from Ryan Hill, an employee of U.S. MORTGAGE, that he was a loan officer for U.S. MORTGAGE, and solicited, accepted Uniform Residential Loan Applications (“loan applications”) from

Arkansas consumers for U.S. MORTGAGE through a U.S. MORTGAGE branch office. He states U.S. MORTGAGE allowed him to use their broker license to conduct mortgage loan activity.

3. Ryan Hill states once he realized he was not a licensed loan officer, he ceased conducting mortgage loan activity immediately.
4. There are thirteen (13) Arkansas loans solicited and accepted by Ryan Hill, an unlicensed U.S. MORTGAGE loan officer.
5. Ryan Hill paid U.S. MORTGAGE on a per loan basis on a “net branch” agreement.
6. U.S. MORTGAGE employed an unlicensed loan officer to broker loans through U.S. MORTGAGE without obtaining a branch license operating an illegal net branch arrangement.

APPLICABLE CODE PROVISIONS

7. Ark. Code Ann. § 23-39-502 (2) (A) – (C) defines a branch office as a location that is separate and distinct from the licensee’s principal place of business: the address of which appears on business cards, stationary, or advertising used by the licensee in connection with business conducted under this subchapter at the branch office; at which the licensee’s name, advertising, promotional materials, or signage suggests that mortgage loans are originated, solicited, accepted, negotiated, funded or serviced or from which mortgage loan commitments or interest rate guarantee agreements are issued; or which, due to the actions of any employee, associate, or loan officer of the licensee, may be construed by the public as a branch office of the licensee where mortgage loans are originated,

solicited, accepted, negotiated, funded, or serviced or from which mortgage loan commitments or interest rate guarantee agreements are issued.

8. § 23-39-502 (8) defines a loan officer as any individual other than an exempt person who in exchange for compensation as an employee of a mortgage broker or a mortgage banker licensed under this subchapter solicits or offers to solicit an application for a mortgage loan; accepts or offers to accept an application for a mortgage loan; negotiates or offers to negotiate the terms or conditions of a mortgage loan; or issues or offers to issue a mortgage loan commitment or interest rate guarantee agreement.
9. Ark. Code Ann. § 23-39-503 (a) (1) provides that it is unlawful for a person to conduct mortgage loan business without a loan officer license.
10. Ark. Code Ann. § 23-39-503 (c) of the Act, it is unlawful to employ, to compensate, or to appoint as an agent any person to act as a loan officer, unless the loan officer is licensed as a loan officer under the Act.
11. Ark. Code Ann. § 23-39-505 (i) (1) provides that each branch office of a mortgage broker licensed under this subchapter shall obtain a separate license.
12. Ark. Code Ann. § 23-39-513 (4) provides that it is unlawful for any person other than an exempt person in the course of any mortgage loan transaction or activity to pay, receive, or collect in whole or in part any commission, fee, or other compensation for brokering a mortgage loan in violation of this subchapter, including a mortgage loan brokered or solicited by any unlicensed person other than an exempt person.

13. Ark. Code Ann. § 23-39-514 (k) provides that this section does not prohibit or restrict the informal disposition of a proceeding or allegations that might give rise to a proceeding by stipulation, settlement, consent, or default in lieu of a formal or informal hearing on the allegations or in lieu of the sanctions authorized by this section.

CONCLUSIONS OF LAW

14. U.S. MORTGAGE employed Ryan Hill as a loan officer at a branch office located at 5309 Village Parkway, Rogers, Arkansas.

15. Ryan Hill was not licensed as a loan officer in the State of Arkansas for U.S. MORTGAGE.

16. The location of 5309 Village Parkway, Rogers, Arkansas was not a licensed branch location of U.S. MORTGAGE.

17. Ryan Hill solicited and accepted loan applications of thirteen (13) Arkansas consumers for U.S. MORTGAGE without an Arkansas loan officer license. This is a violation of Ark. Code Ann. §23-39-503(c) and Ark. Code Ann. §23-39-505(i)(1).

18. Ryan Hill received compensation as a loan officer for thirteen (13) Arkansas loans. This is a violation of Ark. Code Ann. § 23-39-503 (c) and Ark. Code Ann. § 23-39-513 (4).

19. U.S. MORTGAGE received compensation on a per loan basis from Ryan Hill for thirteen (13) Arkansas loans under an illegal net branch arrangement. This is a violation of Ark. Code Ann. § 23-39-513 (4).

ORDER

IT IS HEREBY ORDERED, pursuant to the agreement of the Staff and U.S. MORTGAGE, that U.S. MORTGAGE (a) shall pay a civil penalty in the sum of three thousand dollars (\$3,000.00) (subject to the conditions set forth below for penalty's reduction); (b) provided that U.S. MORTGAGE complies with the terms of the Consent Order, one thousand five hundred dollars (\$1,500.00) of the civil penalty shall be suspended and not payable; if however, U.S. MORTGAGE violates or fails to comply with the terms of the Consent Order or otherwise fails to comply with the laws of the State of Arkansas with respect to the business it conducts here, the Commissioner may so advise U.S. MORTGAGE and reinstate the suspended amount and take whatever other action he deems appropriate in the circumstances; (c) Joseph Amberg, President of U.S. MORTGAGE, will be required to obtain eight (8) hours of continuing education in the mortgage industry (this is above and beyond what may be required by the Arkansas Fair Mortgage Lending Act Rules for 2007); (d) and the total amount of civil penalty that is due at the time of the execution of this Consent Order is one thousand five hundred dollars (\$1,500.00).

IT IS SO ORDERED:



Michael B. Johnson
Arkansas Securities Commissioner
June 13, 2007

Date

I agree to, acknowledge, and shall be bound by the terms of this Consent Order and shall abide thereby.



U.S. MORTGAGE & INVESTMENTS
5-15-07

Date