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BEFORE THE ARKANSAS SECURITIES COMMISSIONER 11 DEC -8 AM 10: 25
CASE NO. C-11-0278
ORDER NO. C-11-0278-11-OR01

ARKANSAS SECURITIES DEPT.

IN THE MATTER OF:
PROSPECT MORTGAGE, LLC
NMLS&R NO. 3296

RESPONDENT

CONSENT ORDER

This Consent Order is entered pursuant to the Arkansas Fair Mortgage Lending Act ("FMLA"), codified at Ark. Code Ann. §§ 23-39-501 through 23-39-518, the Rules of the Arkansas 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 between the Staff of the Arkansas Securities Department ("Staff") and the Respondent, Prospect Mortgage, LLC ("Prospect"), and in full and final settlement of all claims that could be brought against Prospect by the Staff on the basis of the facts set forth herein.

Prospect admits jurisdiction of the FMLA and the Arkansas Securities Commissioner ("Commissioner"), waives its right to a formal hearing and appeal, consents to the entry of this Consent Order, and agrees to abide by its terms.

FINDINGS OF FACT

1. Prospect is a limited liability company organized and operating under the laws of the State of Delaware. Prospect is licensed under the FMLA as a mortgage broker, banker and servicer, Nationwide Mortgage Licensing System Registry ("NMLS&R") number 3296.
2. The Staff initiated a routine examination of Prospect on July 2, 2010. Through its examination, the Staff has determined that Prospect employed four different individuals as loan

officers between March 2008 and November 2008 who solicited and accepted five loan applications from Arkansas residents without being licensed under the FMLA.

3. Prospect fully cooperated with the Staff during the Staff's examination of Prospect's operations. In addition, Prospect has assured the Staff that it has instituted significant internal controls and supervisory changes necessary to ensure that the above detailed violations will not occur in the future. Prospect has also assured the Staff that the changes to its internal controls and supervision of its employees were instituted prior to the commencement of the Staff's examination.

LEGAL AUTHORITY AND CONCLUSIONS OF LAW

4. Ark. Code Ann. § 23-39-503(c) states that it is unlawful for any person other than an exempt person to employ, to compensate, or to appoint as its agent any person to act as a loan officer unless the loan officer is licensed under the FMLA. The unlicensed mortgage loan officer activity by four employees of Prospect as detailed in paragraph two constitutes five separate violations of Ark. Code Ann. § 23-39-503(c) by Prospect.

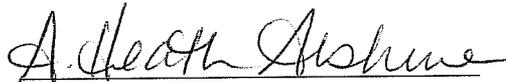
5. Ark. Code Ann. §§ 23-39-514(b)(1) and (2) provide that the Commissioner by order may impose a civil penalty that shall not exceed \$10,000.00 for each violation by a mortgage broker, banker, or servicer upon a licensee or any partner, officer, director, member, manager, or other person occupying a similar status or performing a similar function on behalf of a licensee for any violation of the FMLA. The acts and violations of the FMLA by Prospect as detailed above in paragraph two warrant the entry of appropriate civil penalty against Prospect.

ORDER

By agreement and with the consent of the Staff and the authorized representative of Prospect, it is hereby ordered that Prospect shall pay a civil penalty of \$5,000.00 to the Arkansas

Securities Department. Prospect has agreed to this settlement without admitting or denying the findings of fact or conclusions of law made by the Arkansas Securities Department herein. The payment of said civil penalty by Prospect shall be made to the Arkansas Securities Department within ten calendar days of the entry of this Consent Order.

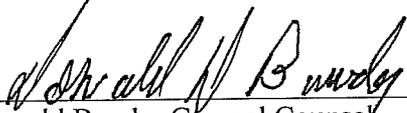
IT IS SO ORDERED.



A. Heath Abshure
Arkansas Securities Commissioner

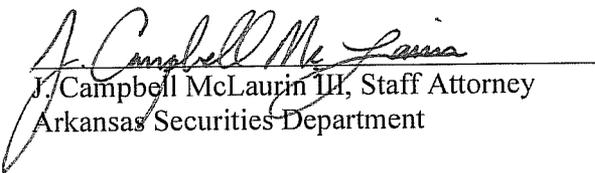
12/08/2011
Date

Approved as to Content and Form:



Donald Bundy, General Counsel
Prospect Mortgage, LLC, Respondent

12/08/2011
Date



J. Campbell McLaurin III, Staff Attorney
Arkansas Securities Department

12/08/2011
Date