

STATE OF ARKANSAS
SECURITIES DEPARTMENT

IN THE MATTER OF

GUARANTY LENDING, INC.,
SHANNA MOORE, AND
TINA L. BROWN
BRYANT, ARKANSAS

CEASE AND DESIST
ORDER ISSUED PURSUANT
TO ARK. CODE ANN.
§ 23-39-202(b)(1)
ORDER NO. 01-021-M

CEASE AND DESIST ORDER AND
REVOCATION OF MORTGAGE LOAN COMPANY
REGISTRATION CERTIFICATE

On March 26, 2001, the Arkansas Securities Commissioner ("Commissioner") directed that an investigation into the activities of Guaranty Lending, Inc., Shanna Moore, and Tina L. Brown, ("Guaranty and affiliates") Bryant, Arkansas be started by the staff of the Arkansas Securities Department ("Department") after having received information which indicated possible violations of the Arkansas Mortgage Loan Company and Loan Broker Act, Ark. Code Ann. § 23-39-101 et seq. (Repl. 1994) ("Act").

Pursuant to this investigation, the Staff has obtained evidence which indicates that Guaranty and affiliates have violated Ark. Code Ann. §§ 23-39-202(b)(1), 23-39-307, and 23-39-309 while transacting or offering to transact business as a loan broker or mortgage loan company in Arkansas.

FINDINGS OF FACT

1. Guaranty and affiliates are currently located and conducting mortgage loan and loan brokering business at 21941 Interstate 30, Suite 9, Bryant, Arkansas.
2. On September 18, 1998, Guaranty Lending, Inc. filed an application for registration as a mortgage loan company pursuant to the Act.

3. This application reflects that Shanna Moore Blasingame, currently Shanna Moore, was President and Tina L. Brown was Secretary of Guaranty Lending, Inc.
4. By letter dated October 5, 1998, the Department approved the application of Guaranty Lending, Inc. The registration was renewed on March 16, 1999, March 31, 2000, and April 5, 2001.
5. On March 27, 28, and 29, 2001, Charles Handley and Judy Roberts of the Department conducted an examination of Guaranty Lending, Inc. at its office in Bryant, Arkansas. The examination revealed the following:
 - a. Guaranty Lending, Inc. had no books so its assets, liabilities, net worth, and profitability could not be readily determined.
 - b. Guaranty Lending, Inc. did not deposit up front fees taken for appraisal reports into an escrow account as required by Ark. Code Ann. § 23-39-309 (Repl. 1999).
 - c. Guaranty Lending, Inc. was conducting business with mortgage loan companies or loan brokers which were not properly registered or exempted to conduct mortgage loan or loan brokering business in Arkansas as required by the Act.
 - d. In reviewing loan files of Guaranty Lending, Inc., three loans were processed for Kesha McIntosh by Guaranty and closed on the dates of July 28, 2000, September 9, 2000, and October 4, 2000. On at least one of these loan applications, corresponding liabilities were not listed on the schedule of real estate properties owned and listed as assets. Guaranty Lending, Inc. negligently submitted this application containing inaccurate information to Alliance Funding, which funded the loan, because the same loan processor at Guaranty had recently processed and brokered the prior loans which were not disclosed on this loan application. By allowing this loan to be processed with incorrect information, Guaranty has misrepresented essential information to Alliance Funding in the course of the mortgage loan company business.
 - e. Guaranty Lending, Inc., on a number of mortgage loans, collected fees twice for the same appraisal.

- f. Shanna Moore and Tina Brown were the main employees and principals of Guaranty Lending, Inc.

CONCLUSIONS OF LAW

6. The Commissioner is charged with the administration and enforcement of the Act pursuant to Ark. Code Ann. § 23-39-201 (Repl. 1994).
7. Ark. Code Ann. § 23-39-202(b)(1)(B)(Repl. 1994) states that whenever it appears to the Commissioner that any mortgage loan company or loan broker has engaged in or is about to engage in any act or practice in violation of the Act or any rule or regulation or order hereunder, or the assets or capital of any mortgage loan company is impaired or the mortgage loan company's affairs are in an unsafe condition, the Commissioner may summarily order the mortgage loan company or loan broker to cease and desist from such act or practice.
8. Ark. Code Ann. § 23-39-307(a)(2)(Supp. 1999) states that the Commissioner may reject, suspend, or revoke any registration when the applicant or registrant is unfit through lack of financial responsibility, experience or otherwise, to conduct the business of a mortgage loan company.
9. Ark. Code Ann. § 23-39-307(a)(3)(Supp. 1999) states that the Commissioner may reject, suspend or revoke any registration when the applicant or registrant does not conduct his business in accordance with law or has violated any provision of the Act.
10. Ark. Code Ann. §§ 23-39-307(a)(7)(Supp. 1999) states that the Commissioner may reject, suspend, or revoke any registration when the applicant or registrant has made any misrepresentations or false statements to, or concealed any essential or material fact from, any person in the course of mortgage loan company business.
11. Ark. Code Ann. §§ 23-39-307(a)(9)(Supp. 1999) states that the Commissioner may reject, suspend or revoke any registration when the applicant or registrant has failed to account to persons interested for funds received for the escrow account.
12. Ark. Code Ann. §23-39-306(a)(Supp. 1999) provides that a mortgage loan company can be exempt from the registration, bond, and net worth requirements of the Act if it complies with any one of a list of situations.

13. Ark. Code Ann. § 23-39-307(b)(Supp. 1999) provides that the Commissioner may revoke any exemption available under the Act for any of the grounds set forth in Ark. Code Ann. § 23-39-307(a)(2)-(11)(Repl. 1999).

OPINION

14. This matter has been properly brought before the Commissioner in accordance with the Act.
15. Guaranty Lending, Inc. is operating in an unsafe and unsound and financially irresponsible manner because it does not have or maintain books from which its assets, liabilities, net worth or profitability can readily be determined and has double charged loan applicants for appraisal fees.
16. Guaranty Lending, Inc., by failing to escrow appraisal fees which were collected up front from the borrower, as required by Ark. Code Ann. § 23-39-309, has violated the Act.
17. Guaranty Lending, Inc., by offering to conduct business with mortgage loan companies or loan brokers that were not properly registered or exempted to conduct business in Arkansas, as required by the Act, has operated in an unsafe and unsound and irresponsible manner.
18. Guaranty Lending, Inc., by processing and filing a loan application with an essential misrepresentation of the applicant's liabilities, has operated in an unsafe and unsound manner and caused misrepresentations to be made to the organization funding the loan.
19. This Order is in the public interest.

ORDER

IT IS THEREFORE ORDERED pursuant to Ark. Code Ann. § 23-39-202(b)(1) that Guaranty Lending, Inc., Shanna Moore and Tina Brown CEASE AND DESIST from engaging in all mortgage loan and loan brokering activities which are in violation of the Act including advertising, offering and conducting mortgage loan company and loan brokering business.

IT IS FURTHER ORDERED pursuant to Ark. Code Ann. §§ 23-39-307(a)(2), 307(a)(3), 307(a)(7), and 307(a)(9) the registration of Guaranty Lending, Inc. to conduct mortgage loan and loan brokering business in Arkansas is revoked.

IT IS FURTHER ORDERED pursuant to Ark Code Ann. § 23-39-307(b)(Supp. 1999), the Commissioner can and should revoke any exemption from the registration, bond and net worth requirements of the Act set out at Ark. Code Ann. § 23-39-306(a)(Supp. 1999) of which Guaranty Lending, Inc., Shanna Moore, or Tina Brown might attempt to take advantage.

IT IS FURTHER ORDERED that all pending mortgage loan applications now held by Guaranty Lending, Inc. shall immediately be transferred to a duly registered or exempted mortgage loan company or loan broker and proof of such filed with the Department within ten (10) days of the receipt of this Order.

Guaranty Lending, Inc., Shanna Moore, and Tina Brown are hereby notified of their right to a hearing on this matter. However, if no 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 24th day of April, 2001



MAC DODSON
Arkansas Securities Commissioner