

**STATE OF ARKANSAS
SECURITIES DEPARTMENT**

**IN THE MATTER OF
GUARANTY LENDING, INC.,
SHANNA MOORE AND
TINA L. BROWN**

Order No. 01-025-M

CONSENT ORDER

This consent order is entered pursuant to the Arkansas Mortgage Loan Company and Loan Broker Act, codified at ARK CODE ANN. §§ 23-39-101, *et seq.*, (the "Act"), and the Arkansas Administrative Procedures Act, codified at ARK . CODE ANN. §§ 25-15-201, *et seq.* This order is entered into with the consent of the parties to Order No. 01-021-M, issued on April 24, 2001 (the Order), who are Guaranty Lending, Inc. ("Guaranty Lending"), Shanna Moore ("Moore") and Tina L. Brown ("Brown") (collectively, the "Respondents"). The Respondents without admitting or denying the allegations of the Cease and Desist Order or this Order, but solely for the purpose of settlement of these proceedings, consent to the entry of this Order and agree to abide by its terms.

FINDINGS OF FACT

1. Prior to entry of the Cease and Desist Order, Respondents were located and conducting a mortgage loan and loan brokering business at 21941 Interstate 30, Suite 9, Bryant, Arkansas.
2. On September 18, 1998, Guaranty Lending, filed an application for registration as a mortgage loan company pursuant to the Act.
3. The application reflected that Shanna Moore Blasingame, currently Shanna Moore, was president and Tina L. Brown was Secretary of Guaranty Lending.
4. By letter dated October 5, 1998, the Department approved the application of Guaranty Lending. 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 at its office in Bryant, Arkansas.
6. As a result of the examination, the Cease and Desist Order was entered on April 24, 2001. The Cease and Desist Order alleged that the examination of Guaranty Lending revealed the following:
 - a. Guaranty Lending had no books so its assets, liabilities, net worth and profitability could not be readily determined.
 - b. Guaranty Lending 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 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, three loans were processed for Kesha McIntosh by Guaranty Lending, one of which closed on July 28, 2000, another on September 15, 2000 and the third on October 4, 2000. On the last of these loan applications, corresponding liabilities were not listed on the schedule of real estate properties owned and listed as assets. Guaranty Lending negligently submitted this application containing inaccurate information to Alliance Funding, which funded the loan, because the same loan processor at Guaranty Lending 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 Lending has misrepresented essential information to Alliance Funding in the course of the mortgage loan company business.
 - e. Guaranty Lending, on a number of mortgage loans, collected fees twice for the same appraisal.
7. On or about April 27, 2001, the Respondents requested a hearing on the Cease and Desist Order pursuant to ARK. CODE ANN. § 23-39-308(b).
8. On May 8, 2001 a hearing was held at the Arkansas Securities Department on the Cease and Desist Order.

9. Prior to entry of the Cease and Desist Order, Guaranty Lending did not deposit up front fees taken for appraisal reports into an escrow account as are required by ARK. CODE ANN. § 23-39-309.

10. Prior to entry of the Cease and Desist Order, Guaranty Lending closed one or more loans in which a brokerage fee was shared with a person that may not have been properly registered or exempt from registration to conduct mortgage loan company or loan brokering business in Arkansas as required by the Act.

11. Guaranty Lending's books and records were not sufficient to determine its assets, liabilities, net worth and profitability except on a yearly basis, but were in compliance with the Act.

12. On or about April 24, 2001, Guaranty Lending opened an escrow account for deposit of up front fees taken for appraisal reports as required by ARK. CODE ANN. § 23-39-309.

CONCLUSIONS OF LAW

13. The Commissioner is charged with the administration and enforcement of the Act pursuant to ARK. CODE ANN. § 23-39-201.

14. ARK. CODE ANN. § 23-39-307(a)(3) states that the Commissioner may reject, suspend or revoke any registration when the applicant or registrant does not conduct its business in accordance with law or has violated any provision of the Act.

15. The findings of fact set forth in paragraphs 1 through 12 above support the conclusion that this Order is in the public interest.

OPINION

16. This matter has been properly brought before the Commissioner in accordance with the Act.

17. Guaranty Lending has violated the Act as set out in paragraphs 9 and 10 above.

18. This order applies only to matters set out in the Order and facts revealed in the hearing held on May 8, 2001. Should other facts come to light in the future, the Commissioner and his staff will take such action as is deemed appropriate under the Act and will not be restrained in any way by this Order.

19. This Order is in the public interest.

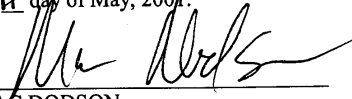
ORDER

IT IS THEREFORE ORDERED, that the Cease and Desist Order entered herein on April 24, 2001 is hereby immediately vacated and set aside. Upon entry of this order, Guaranty Lending, Inc., Shanna Moore and Tina L. Brown may engage in all mortgage loan and loan brokering activities permitted under the mortgage loan company registration of Guaranty Lending, subject to the following conditions:

- A) Within forty-five (45) days of the entry of this order, Guaranty Lending will have its books and records computerized or otherwise effect changes so that Guaranty Lending's assets, liabilities, net worth and profitability can be determined according to Generally Accepted Accounting Principles on at least a monthly basis, and for a period of one (1) year from the entry of this Order, Guaranty Lending shall submit a report to the Commissioner's staff showing compliance on a monthly basis;
- B) For a period of one (1) year from the entry of this Order, Guaranty Lending shall send the Commissioner's staff a copy of the monthly statement for its escrow account; and
- C) For a period of one (1) year from the entry of this Order, Guaranty Lending shall send

the Commissioner's staff a monthly listing of all mortgage loan companies and mortgage loan brokers with whom it has done business for the previous month.

WITNESS MY HAND AND SEAL this 11 day of May, 2001.



MAC DODSON
ARKANSAS SECURITIES COMMISSIONER

The undersigned hereby consent to the entry of the foregoing Order and agree to comply with its terms without admitting or denying the findings therein.

GUARANTY LENDING, INC.

By: Shanna Moore

President

Shanna Moore

SHANNA MOORE

Tina L. Brown

TINA L. BROWN