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7/5/2002

Nikki Jordan
Asst. Treasurer/Licensing Officer
Chase Manhattan Mortgage Corporation
342 Thornall Street
Edison, New Jersey 08837-9998

**RE: Chase Mortgage Company ("CMC"), Exemption #128-02-R
Chase Mortgage Company West ("CMC-West"),
Exemption #439—02-R
Chase Manhattan Mortgage Corporation ("Manhattan"),
Exemption #127-02-R**

Legal Opinion # 02-006

Dear Ms. Jordan:

I have reviewed your two letters dated June 13, 2002, addressed to Rhys Rogers, Securities Examiner Supervisor, wherein you request the Department's determination that CMC and CMC-West are exempt from the registration requirements of the Arkansas Mortgage Loan Company and Loan Broker Act, Ark. Code Ann. § 23-39-101 *et seq.* In support of your request, you provide the following facts:

- 1) CMC/CMC-West maintain no branches, do not originate loans, but own the servicing rights on a portfolio of loans on which Manhattan is the sub-servicer;
- 2) CMC/CMC-West sell mortgage loans from time to time;
- 3) All mortgage payments, collections, disbursements and correspondences are handled and collected by Manhattan; and
- 4) Foreclosures are handled by Manhattan in its capacity as servicer of the mortgage.

As you are aware, CMC, CMC-West, and Manhattan are each currently authorized to do mortgage loan activities in Arkansas pursuant to Ark. Code Ann. § 23-39-306(a)(4). Based upon the information provided in your letters as well as Department records relative to CMC, CMC-West and Manhattan, CMC and CMC-West continue to conduct mortgage loan company activity in Arkansas which requires compliance with the registration/ exemption requirements of the Act.

Ark. Code Ann. § 23-39-102(5)(A)(iii) and 102(5)(A)(iv) provide that “mortgage loan company” means any person who directly or indirectly:

- (iii) Holds himself out as being able to make, purchase, place, sell, or exchange loans secured by liens or mortgages on real property;
- (iv) Holds himself out as being able to service loans secured by liens or mortgages on real property.

CMC and CMC-West each hold themselves out as being able to sell mortgage loans in Arkansas. Also, because CMC and CMC-West own the servicing rights to mortgage loans on Arkansas real property, they, at a minimum, “indirectly” hold themselves out as being able to service loans secured by mortgages on Arkansas real property. This is further evidenced by the separate “Master Servicing Agreements” between CMC and CMC-West with the U.S. Department of Housing. Those agreements state that CMC and CMC-West, as issuers, agree to be responsible and liable for servicing the mortgages to which Manhattan acts as the contract sub-servicer. Clearly, CMC and CMC-West are holding themselves out to the U.S. Department of Housing that they are legally capable of servicing those Arkansas mortgages being serviced by sub-servicer, Manhattan.

Should you have any questions regarding this matter, please contact the undersigned.

Sincerely,
Bruce H. Bokony
CHIEF COUNSEL