

**STATE OF ARKANSAS
SECURITIES DEPARTMENT**

IN THE MATTER OF

**FIRST MORTGAGE CORPORATION
PINE BLUFF, AR**

ORDER NO. C-02-031-02-CD01

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

Arkansas Securities Commissioner Michael B. Johnson, of the Arkansas Securities Department ("Department"), upon sufficient evidence presented to him, has reason to believe that **FIRST MORTGAGE CORPORATION ("FIRST MORTGAGE")** has failed to comply with the provisions of the Arkansas Mortgage Loan Company and Loan Broker Act, Ark. Code Ann. § 23-39-101, *et seq.*, ("Act") and has thereby lost its registration certificate.

FINDINGS OF FACT

1. **FIRST MORTGAGE** was formed as a Arkansas corporation on May 12, 1998.
2. The Department received an application for registration as a mortgage loan company from **FIRST MORTGAGE** on August 7, 1998. The application was approved and a registration certificate issued August 13, 1998.
3. On September 11, 2002, the Department received Notice of Cancellation from Hartford Fire Insurance Company reflecting that **FIRST MORTGAGE's** Surety Bond Number 080498HD1 would be terminated November 10, 2002.

4. By certified letter dated September 11, 2002, Rhys G. Rogers, a Securities Examiner Supervisor with the Department, (i) advised **FIRST MORTGAGE** that the Act required the \$35,000.00 surety bond to remain in force at all times, (ii) enclosed a copy of the Notice of Cancellation received from Hartford Fire Insurance Company, and (iii) requested that **FIRST MORTGAGE** file a replacement bond within fifteen (15) days of the receipt of the letter. The signed return receipt reflects that **FIRST MORTGAGE** received the September 11, 2002, certified letter on September 20, 2002.
5. Pursuant to the Notice of Cancellation, **FIRST MORTGAGE's** \$35,000.00 surety bond issued by Hartford Fire Insurance Company expired on November 10, 2002, and **FIRST MORTGAGE** has not filed a replacement surety bond.

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. § 23-39-304(a)(1) (Supp. 1999) requires each mortgage loan company to deposit a \$35,000.00 corporate surety bond with the Commissioner.
8. Ark. Code Ann. § 23-39-307(a)(3) (Supp. 1999) provides for revocation of a registration if the company does not conduct its business in accordance with law or has violated any provision of the Act.

OPINION

9. This matter has been properly brought before the Commissioner in accordance with Ark. Code Ann. § 23-39-201 (Repl. 1994). **FIRST MORTGAGE's** failure to maintain a \$35,000.00 surety bond in accordance with Ark. Code Ann. § 23-39-304(a)(1) (Repl. 1999) is a violation of the Act which constitutes grounds to revoke **FIRST MORTGAGE's** registration certificate.
10. Pursuant to Ark. Code Ann. § 23-39-307(a)(3) (Supp. 1999), the Commissioner can and should revoke **FIRST MORTGAGE's** registration certificate.
11. This order is in the public interest.

ORDER

IT IS THEREFORE ORDERED pursuant to Ark. Code Ann. § 23-39-202(b)(1) that **FIRST MORTGAGE CORPORATION** CEASE AND DESIST from engaging in all mortgage loan and loan brokering activities including advertising, offering and conducting mortgage loan company and loan brokering business.

IT IS FURTHER ORDERED that the registration certificate provided **FIRST MORTGAGE CORPORATION** under Ark. Code Ann. § 23-39-301 (Supp. 1999) be revoked in accordance with Ark. Code Ann. § 23-39-307(a)(3) (Supp. 1999).

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

FIRST MORTGAGE CORPORATION is hereby notified of its right to a hearing regarding this matter. However, if no written 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 18TH day of November, 2002.

A handwritten signature in black ink, appearing to read "M. Johnson". The signature is written in a cursive, flowing style with a large initial "M" and a long, sweeping tail.

MICHAEL B. JOHNSON
ARKANSAS SECURITIES COMMISSIONER