

**BEFORE THE ARKANSAS SECURITIES COMMISSIONER**

**CASE NO. C-09-040**

**ORDER NO. C-09-040-10-CO01**

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ARKANSAS SECURITIES DEPT.

**IN THE MATTER OF:**

**OVERLAND MORTGAGE CORPORATION AND OVERLAND  
MORTGAGE CORPORATION D/B/A HALL OF FAME FINANCIAL  
NMLS&R NO. 39443, AND  
TERRY G. WILLIAMS, NMLS&R NO. 249702  
RESPONDENTS**

**CONSENT ORDER**

This Consent Order is entered pursuant to the Arkansas Fair Mortgage Lending Act ("FMLA"), 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 by and between the Staff of the Arkansas Securities Department ("Staff") and the Respondents, Overland Mortgage Corporation and Overland Mortgage Corporation d/b/a Hall of Fame Financial ("Overland") and Terry G. Williams ("Williams"), in full and final settlement of all claims that could be brought against Overland and Williams by the Staff on the basis of the facts set forth herein.

Overland and Williams admit the jurisdiction of the FMLA and the Arkansas Securities Commissioner ("Commissioner"), waive its and his right to a formal hearing and appeal, without admitting or denying the findings of facts made herein, consent to the entry of this order, and agree to abide by its terms.

**FINDINGS OF FACT**

1. Overland is a mortgage banker located in Addison, Texas, NMLS&R number 39443. Overland is currently licensed as a mortgage banker by the Arkansas Securities Department ("Department"). Overland's license as a mortgage banker is scheduled to expire on December 31, 2010.
2. During all relevant times for the matters involved in this order, Williams was employed as a loan officer for and manager of Overland's Hot Springs, Arkansas, branch office. Further, during the time period covered by this order, Williams was not licensed by the Department under the FMLA in any capacity. Williams is currently employed by and licensed as a loan officer with another mortgage broker. Williams' Arkansas mortgage loan officer's license, NMLS&R number 249702, will expire on December 31, 2010.
3. Between March 2009, and June 2009, while Williams was not licensed by the Department as a loan officer, Williams accepted a total of ten mortgage loan applications from residents of

the State of Arkansas. Williams was employed by Overland during the time when these ten mortgage loan applications were accepted.

4. During 2009, a borrower's, Arkansas resident one's (AR1) signature was cut and pasted from one mortgage loan application to another mortgage loan application. As the branch manager, Williams had a duty to properly supervise the acceptance and processing of mortgage loan applications at the Hot Springs, Arkansas, branch office of Overland. Further, Overland's and Williams' failure to properly supervise the loan officers at the Hot Springs, Arkansas, branch office of Overland allowed the cutting and pasting of AR1's signature, which constituted dishonest or unethical mortgage loan activity, to occur.

5. Between April 2009, and July 2009, while Williams was the manager of the Hot Springs, Arkansas, branch office of Overland, three unlicensed loan officers employed by Overland at the Hot Springs branch accepted five mortgage loan applications from Arkansas residents. The unlicensed mortgage loan officer activity of said unlicensed loan officers constitutes five separate violations of Ark. Code Ann. § 23-39-503(a). Overland, as the mortgage banker and employer of said three mortgage loan officers, and Williams, as the branch manager, had a duty to properly supervise the licensing of mortgage loan officers working at the Hot Springs, Arkansas, branch office of Overland. Further, Overland's and Williams' failure to reasonably and properly supervise the loan officers employed at the Hot Springs, Arkansas, branch office of Overland allowed the aforementioned five incidents of unlicensed mortgage loan activity to occur.

6. After the Hot Springs, Arkansas, branch office of Overland closed, Overland failed to retain mortgage loan files or records and/or ensure the security of the mortgage loan files or records from the Hot Springs, Arkansas, branch office in violation of its duty under the FMLA and the Rules.

7. During 2009, Overland operated three branch offices conducting mortgage loan activities in Arkansas; one at 4514 Cole Avenue, Suite 600, Dallas, Texas, and one each in Texarkana, and Hot Springs, Arkansas; that were not licensed by the Commissioner. In addition, for each of these unlicensed branch offices of Overland, Overland failed to designate any branch managers for these branch offices as is required by the FMLA.

8. Between April 2009, and July 2009, Overland employed one mortgage loan officer, who was not licensed by the Department, at Overland's Texarkana, Arkansas, branch office. During this same time period said mortgage loan officer accepted four mortgage loan applications from Arkansas residents.

9. Between January 2007, and August 2007, Overland employed five mortgage loan officers, who were not licensed by the Department. During this same time period said five mortgage loan officers accepted 28 mortgage loan applications from Arkansas residents.

### **LEGAL AUTHORITY AND CONCLUSIONS OF LAW**

10. Pursuant to Ark. Code Ann. § 23-39-503(a) it is unlawful for any person located in Arkansas other than an exempt person to act or attempt to act, directly or indirectly, as a loan officer without first obtaining a license from the Securities Commissioner under this subchapter. The acts of Williams as detailed in ¶ 3 constitute ten violations of Code Ann. § 23-39-503(a) by Williams.

11. Pursuant to Ark. Code Ann. § 23-39-503(c) 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 as a loan officer under this subchapter. The acts of

Overland and the unlicensed loan officers employed by Overland as detailed in ¶¶ 3, 5, 8-9 constitute 47 violations of Ark. Code Ann. § 23-39-503(c) by Overland.

12. Pursuant to Ark. Code Ann. § 23-39-505(i)(1) each branch office of a mortgage banker licensed under this subchapter shall obtain a separate license. The failure of Overland to obtain a license from the Department for any of the three branch offices of Overland conducting mortgage loan activity in Arkansas as detailed in ¶ 7 constitutes three violations of Ark. Code Ann. § 23-39-505(i)(1) by Overland.

13. Pursuant to Ark. Code Ann. § 23-39-508(d)(1) each branch office of a mortgage banker licensed under this subchapter shall have a designated branch manager who is in charge of and responsible for the business operations of a branch office. The failure of Overland to designate a branch manager for any of the three Overland branch offices of Overland conducting mortgage loan activity in Arkansas as detailed in ¶ 7 constitutes three violations of Ark. Code Ann. § 23-39-508(d)(1) by Overland.

14. Pursuant to Ark. Code Ann. § 23-39-511(c) every licensee shall make and keep the accounts, correspondence, memoranda, papers, books, and other records as prescribed in the rules adopted by the Commissioner. The failure of Overland to keep and safeguard the mortgage loan files or records from the Hot Springs, Arkansas, branch officer of Overland, as detailed in ¶ 6, constitutes one violation of Ark. Code Ann. § 23-39-511(c) by Overland.

15. Rule 5011-1 requires each licensee to maintain books, records and documents sufficient to allow the Commissioner to determine the licensee's compliance with the Act for at least five (5) years. The failure of Overland to maintain and keep the mortgage loan files or records from the Hot Springs, Arkansas, branch officer of Overland, as detailed in ¶ 6, constitutes one violation of Rule 5011-1 by Overland.

16. Pursuant to Ark. Code Ann. § 23-39-513(14) it is unlawful for any person in the course of any mortgage loan transaction or activity to unreasonably fail to supervise the branches, loan officers, and employees of the mortgage broker, banker, or servicer. The acts of Overland and Williams as detailed in ¶¶ 4-5 each constitute six violations of Code Ann. § 23-39-513(14) by Overland and Williams.

17. Pursuant to Ark. Code Ann. § 23-39-514(a)(1) the entry of this order is in the public interest.

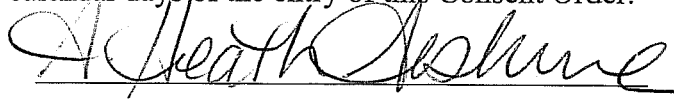
18. Pursuant to Ark. Code Ann. § 23-39-514(a)(2)(B) the Securities Commissioner by order may suspend a license of a licensee or may restrict or limit the activities relating to mortgage loans of any licensee if the commissioner finds that the licensee has violated or failed to comply with any provision of this subchapter. The acts of Williams as detailed in ¶¶ 4-5 warrant the suspension of Williams' loan officer license. Further, the acts and failures of Overland as detailed in ¶¶ 4-6 warrant the suspension of Overland's mortgage banker license.

19. The Commissioner by order may impose a civil penalty that shall not exceed \$10,000.00 for each violation by a mortgage banker or loan officer 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. Ark. Code Ann. § 23-39-514(b)(1) and (2). The acts and violations of the FMLA and Rules by Overland and Williams as detailed in ¶¶ 3-9 warrant the entry of appropriate civil penalties against Overland and Williams as authorized by Ark. Code Ann. § 23-39-514(b)(1) and (2).

20. Pursuant to Ark. Code Ann. § 23-39-514(k) the FMLA permits the informal disposition of an allegation by a consent order. The acts and violations of the FMLA by Overland and Williams as detailed in ¶¶ 3-9 warrant the entry of a consent order.

### **ORDER**

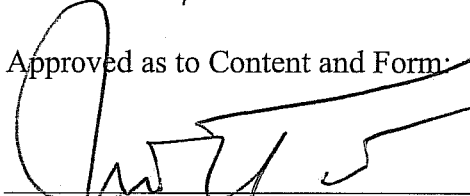
By agreement and with the consent of the Staff, the authorized representative of Overland, and Williams, it is hereby ordered that; One, Overland shall be responsible for the payment of a civil penalty in the amount of \$30,000.00 to the Arkansas Securities Department. Two, Overland's mortgage banker license in Arkansas shall be suspended for a period of ten days, beginning the day after the entry of this Consent Order. Three, Williams shall be responsible for the payment of a civil penalty in the amount of \$2,000.00 to the Arkansas Securities Department. Four, Williams' mortgage loan officer license in Arkansas shall be suspended for a period of fourteen days, beginning the day after the entry of this Consent Order. Five, Williams will not hold a position as a branch manager with or be a principal of any present or future mortgage broker, banker or servicer licensed under the FMLA. Six, the payment of said civil penalty by Overland shall be made in the six equal monthly installments of five-thousand dollars, with the first payment due one week after the entry of this Consent Order. Seven, the payment of said civil penalty by Williams shall be made to the Arkansas Securities Department within ninety (90) calendar days of the entry of this Consent Order.  
IT IS SO ORDERED.



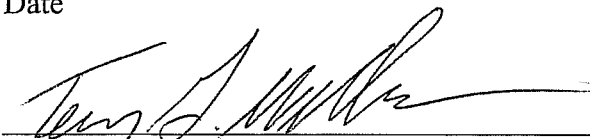
A. Heath Abshure  
Arkansas Securities Commissioner

May 26, 2010  
Date

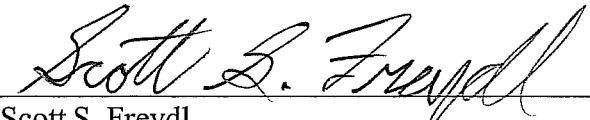
Approved as to Content and Form:

  
Jimmy C. Tinsley, President  
Overland Mortgage Corporation

5-19-10  
Date

  
Terry G. Williams

5-10-2010  
Date

  
Scott S. Freydl  
Staff Attorney, Arkansas Securities Department

5/26/10  
Date