

**BEFORE THE ARKANSAS SECURITIES COMMISSIONER
CASE NO. C-09-067
ORDER NO. C-09-067-09-CD01**

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ARKANSAS SECURITIES DEPT.

IN THE MATTER OF:

FIRST UNIVERSAL LENDING, LLC

CEASE AND DESIST ORDER

On December 9, 2009, the Staff of the Arkansas Securities Department ("Staff") filed a Request for Cease and Desist Order ("Request"), stating that it has information and certain evidence in its possession that indicates First Universal Lending, LLC, has violated provisions of the Arkansas Fair Mortgage Lending Act ("FMLA"), Ark. Code Ann. §§ 23-39-501 through 23-39-518. The Arkansas Securities Commissioner ("Commissioner") has reviewed the Request, and based upon representations made therein, finds that:

FINDINGS OF FACT

1. The Staff's Request asserts the following representations of fact:
 - a. First Universal Lending, LLC ("First Universal") is incorporated under the laws of the State of Florida. First Universal's primary place of business is believed by the Staff to be located in Palm Beach Gardens, Florida. First Universal has never been licensed by the Arkansas Securities Department ("Department") as a mortgage broker.
 - b. On or about November 2008, AR1 had a telephone conversation with an employee of First Universal, Candice, concerning a renegotiation of the terms of AR1's existing residential mortgage loan. AR1's residence is located in Hope, Arkansas. AR1

and Candice discussed the amount of AR1's existing mortgage loan as well as AR1's current monthly mortgage payments. Sometime after the telephone conversation between AR1 and Candice, employees of First Universal sent AR1 a "Loan and Financial Workout Program" packet. AR1 was to complete and return the forms contained in this packet to First Universal. Included in this packet of forms was a form letter from First Universal. This letter, attached to the Staff's Request as Exhibit "1", states that First Universal will collect and analyze AR1's financial information, review AR1's financial information to see if AR1 qualifies for any government programs, prepare a package for loan modification to convince AR1's lender to renegotiate the terms of AR1's existing mortgage loan, and negotiate an agreement of new loan terms for AR1. Later in the same letter, First Universal states that AR1 will have to pay a monthly charge or fee as determined by First Universal based on the amount of underwriting/processing work performed plus a flat fee of \$49.95. Finally, First Universal admits in this letter that "we are not lawyers". Along with the letter, First Universal included several forms in the packet that First Universal sent to AR1. These forms were titled Acknowledgement, Limited Power of Attorney, Client Fee Contract, and Workable Solutions Application. The information required from AR1 to complete the forms provided by First Universal is all of the standard personal financial information required from a borrower, like AR1, by a mortgage broker or lender during the mortgage loan application process. On November 17, 2008, AR1 made a payment to First Universal in the amount of \$199.95. On December 17, 2008, AR1 made another payment to First Universal in the amount of \$199.95. Also, AR1 completed and returned the packet of forms to First Universal. To date, First Universal has failed to successfully renegotiate AR1's existing mortgage loan.

Nevertheless, First Universal refused to refund any of the aforementioned fees paid by AR1 to First Universal.

c. On or about November 2008, AR2 had a telephone conversation with an employee of First Universal, Kayla, concerning a renegotiation of the terms of AR2's existing residential mortgage loan. AR2's residence is located in Vilonia, Arkansas. AR2 and Kayla discussed the amount of AR2's existing mortgage loan as well as AR2's current monthly mortgage payments. Kayla promised that First Universal could lower AR2's monthly mortgage payments as well as lower the interest rate on AR2's existing mortgage loan. Sometime after the telephone conversation between AR2 and Kayla, employees of First Universal sent AR2 a "Loan and Financial Workout Program" packet. AR2 was to complete and return the forms contained in this packet to First Universal. Included in this packet of forms was a form letter from First Universal. This letter, attached to the Staff's Request as Exhibit "2", states that First Universal will collect and analyze AR2's financial information, review AR2's financial information to see if AR2 qualifies for any government programs, prepare a package for loan modification to convince AR2's lender to renegotiate the terms of AR2's existing mortgage loan, and negotiate an agreement of new loan terms for AR2. Later in the same letter, First Universal states that AR2 will have to pay a monthly charge or fee as determined by First Universal based on the amount of underwriting/processing work performed plus a flat fee of \$49.95. Finally, First Universal admits in this letter that "we are not lawyers". Along with the letter, First Universal included several forms in the packet that First Universal sent to AR2. These forms were titled Acknowledgement, Limited Power of Attorney, Client Fee Contract, and Workable Solutions Application. The information required

from AR2 to complete the forms provided by First Universal is all of the standard personal financial information required from a borrower, like AR2, by a mortgage broker or lender during the mortgage loan application process. Between November 2008 and March 2009, AR2 made fee payments to First Universal in the total amount of \$1,200.00. Also, AR2 completed and returned the packet of forms to First Universal. To date, First Universal failed to successfully renegotiated AR2's existing mortgage loan. Nevertheless, First Universal refused to refund any of the aforementioned fees paid by AR2 to First Universal.

d. First Universal has admitted that First Universal and its employees solicited and accepted 22 additional mortgage loan modification applications from 22 other Arkansas residents.

e. First Universal has never been licensed by the Department as a mortgage broker. Nevertheless, First Universal solicited and accepted mortgage loan modification applications from AR1 and AR2, as well as 22 other Arkansas residents, without first being licensed under the Arkansas FMLA by the Department.

f. No First Universal employee has ever been licensed by the Department as a mortgage loan officer. Nevertheless, employees of First Universal solicited and accepted mortgage loan modification applications from, and attempted to negotiate the terms of the existing mortgage loans for, AR1 and AR2, as well as 22 other Arkansas residents, without first being licensed under the Arkansas FMLA by the Department.

CONCLUSIONS OF LAW

2. It is unlawful for any person to act or attempt to act, directly or indirectly, as a mortgage broker or loan officer with any person located in Arkansas without first obtaining a

license from the Commissioner under the Arkansas FMLA. Ark. Code Ann. § 23-39-503(b). First Universal violated Ark. Code Ann. § 23-39-503(b) 24 times when it acted as a mortgage broker with AR1 and AR2, as well as 22 other Arkansas residents, without first being licensed as a mortgage broker by the Department under the Arkansas FMLA.

3. It is unlawful for any 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 with the Department under the Arkansas FMLA. Ark. Code Ann. § 23-39-503(c). First Universal violated Ark. Code Ann. § 23-39-503(c) 24 times when it allowed its employees to act as loan officers with AR1 and AR2, as well as 22 other Arkansas residents, without first being licensed as loan officers by the Department under the Arkansas FMLA.

4. Upon finding that any action of a person is in violation of the Arkansas FMLA, the Commissioner may summarily order the person to cease and desist from the prohibited action. Ark. Code Ann. § 23-39-514(d)(1). The conduct, acts, and practices of First Universal and its employees threaten immediate and irreparable public harm. Based on the Findings of Fact and Conclusions of Law, this Cease and Order is in the public interest and is appropriate pursuant to Ark. Code Ann. § 23-39-514.

ORDER

IT IS THEREFORE ORDERED that First Universal and its employees CEASE AND DESIST from all mortgage loan activity in Arkansas until such time as it and/or they have been properly licensed under the Arkansas FMLA by the Department.

A hearing on this Order shall be held if requested by First Universal in writing within thirty days of the date of the entry of this Order, or if otherwise ordered by the Commissioner. Such request should be addressed to the Commissioner and submitted to the following address:

Arkansas Securities Commissioner
201 East Markham, Suite 300
Little Rock, Arkansas 72201

If no hearing is requested and none is ordered by the Commissioner, this Order will remain in effect until it is modified or vacated by the Commissioner. See Ark. Code Ann. § 23-39-514(d).



A. Heath Abshure
Arkansas Securities Commissioner

December 15, 2009
Date