RECEIVED
13 JAN 29 PM 12:53
ARKANSAS SECURITIES DEPT.

BEFORE THE ARKANSAS SECURITIES COMMISSIONER

CASE NO. C-13-0009

IN THE MATTER OF:

LICENSURE OF CLAY COMBS, WITH STATE FARM BANK, F.S.B.

ORDER NO. C-13-0009-13-OR-01

ORDER

This Order is entered pursuant to the Arkansas Fair Mortgage Lending Act ("Act"), Ark. Code Ann. §§ 23-39-501 through 23-42-518, the Rules of the Fair Mortgage Lending Act, and the Arkansas Administrative Procedures Act, Ark. Code Ann. §§ 25-15-201 through 25-15-219.

FINDINGS OF FACT

1. Clay Combs ("Combs"), NMLS No. 861858, filed an application to be licensed as a loan officer working exclusively on behalf of State Farm Bank, F.S.B. ("SFB"), NMLS No. 139176 on January 13, 2013, with the Arkansas Securities Department.

2. Combs is an independent agent of SFB. SFB is a federally chartered bank whose accounts are insured by the Federal Deposit Insurance Corporation. Therefore, SFB is exempt from licensure under the Act as a mortgage broker or mortgage banker by Ark. Code Ann. § 23-39-502(9)(B)(vi).

3. The Act requires that an individual must be licensed as a loan officer employed by a licensed mortgage broker or mortgage banker in order to engage in mortgage loan activity in Arkansas. Ark. Code Ann. § 23-39-503(c). Accordingly, in order to allow

Combs to be licensed as a loan officer in Arkansas, Combs has to work for a licensed mortgage broker or mortgage banker.

4. Although exempt, SFB has agreed to act, in all respects as if it is, as a mortgage broker or mortgage banker licensed under the Act in order for Combs to conduct mortgage loan activity exclusively on its behalf in Arkansas.

5. The Act requires that licensed mortgage brokers and mortgage bankers, or any person directly or indirectly controlling the licensee, comply with all provisions of the Act.

6. The Staff of the Department discussed with SFB and Combs a limited license for Combs that may be granted upon receipt and acceptance of a written plan of compliance and responsibility for the mortgage loan activity of Combs.

7. Ken Meek, Chief Lending Officer of State Farm Bank, has submitted a "Plan for Compliance" of Combs with the Department. The Plan for Compliance is attached as "Exhibit A".

CONCLUSIONS OF LAW

8. The Arkansas Securities Commissioner may by order approve a limited registration with such limitations, qualifications, or conditions as the Commissioner deems appropriate. Ark. Code Ann. § 23-42-505(a)(2).

ORDER

The application of Clay Combs for licensure as a loan officer for SFB, an exempt person under the Act, is hereby approved as a limited license based upon SFB's

agreement to act as if SFB is a mortgage broker or mortgage banker licensed under the Fair Mortgage Lending Act and continued compliance with the provisions of Exhibit A.

IT IS SO ORDERED.

A. Heath Abshure

A. HEATH ABSHURE
Arkansas Securities Commissioner

01/29/2013

DATE

RECEIVED
13 JAN 17 AM 8:13
ARKANSAS SECURITIES DEPT.

Plan for Compliance of Clay H. Combs ("LOAN OFFICER") to be conducted by State Farm Bank ("SFB")

1. SFB undertakes and agrees to establish, maintain, and enforce procedures for Arkansas mortgage loan activity as if SFB was licensed as a mortgage broker or mortgage banker under the Fair Mortgage Lending Act, the Rules of the Fair Mortgage Lending Act, and any orders of the Arkansas Securities Commissioner, including, but not limited to, appointing a managing principal; providing a surety bond; notifying the Arkansas Securities Department ("Department") of all office locations and any change in office locations, notifying the Department of the location of books, records, and files used by SFB and its loan officers; providing the Department with a quarterly report of mortgage loan activity; keeping the books, records, and files in the manner prescribed by the Department; complying with the advertising provisions of the Fair Mortgage Lending Act; and complying with the duties of a licensee, including, but not limited to acting with reasonable skill, care, and diligence and safeguarding and accounting for the money received for, from, or on behalf of a borrower.

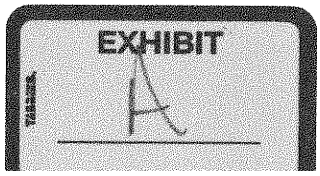
2. SFB undertakes and agrees to establish, maintain, and enforce written procedures for such supervision activities as if SFB was licensed as a mortgage broker or mortgage banker under the Fair Mortgage Lending Act that are reasonably necessary to achieve compliance with the Fair Mortgage Lending Act, the Rules of the Fair Mortgage Lending Act, and any orders of the Arkansas Securities Commissioner.

3. SFB undertakes and agrees to appoint a managing principal who is directly responsible for the supervision for LOAN OFFICER and SFB's mortgage loan activity in Arkansas and to ensure compliance with the Fair Mortgage Lending Act, the Rules of the Fair Mortgage Lending Act, and any orders of the Arkansas Securities Commissioner.

4. SFB and LOAN OFFICER further undertake and agree that upon request, SFB or LOAN OFFICER will immediately provide the staff of the Arkansas Securities Department with copies of such written supervisory procedures and documentation of such supervision activities, if applicable.

5. SFB undertakes and agrees to post a surety bond in the amount prescribed by the Rules of the Fair Mortgage Lending Act and in the form prescribed by the Arkansas Securities Commissioner to run to the state for the benefit of any claimants against LOAN OFFICER and SFB.

6. SFB undertakes and agrees to appoint a branch manager for SFB's branch office locations in Arkansas who will be in charge of and who is responsible for the business operations of SFB's branch office locations in Arkansas.



by SFB and LOAN OFFICER to conduct mortgage loan activity in Arkansas. SFB and LOAN OFFICER further undertake and agree to timely notify the Arkansas Securities Commissioner of any change in location of the principal place of business and any branch office locations used by SFB and LOAN OFFICER to conduct mortgage loan activity in Arkansas

8. SFB undertakes and agrees to notify the Commissioner of the location of the books, records, and files used by SFB and LOAN OFFICER pertaining to the mortgage loan transactions in Arkansas.

9. SFB and LOAN OFFICER undertake and agree to safeguard and account for any money received for, from, or on behalf of the borrower.

10. SFB and LOAN OFFICER undertake and agree to follow reasonable and lawful instruction from the borrower, and to act with reasonable skill, care, and diligence.

11. SFB undertakes and agrees to provide the Arkansas Securities Commissioner with a quarterly report of mortgage activity in the form prescribed by the Arkansas Securities Commissioner.

12. SFB and LOAN OFFICER undertake and agree to keep and maintain the books, records, and files required to be maintained and in the manner prescribed by the Fair Mortgage Lending Act, Rules of the Fair Mortgage Lending Act, and orders of the Arkansas Securities Commissioner

13. SFB and LOAN OFFICER undertake and agree to provide the staff of the Arkansas Securities Department with copies of any books and records required to be maintained by LOAN OFFICER immediately upon request by the staff of the Arkansas Securities Department.

14. SFB and LOAN OFFICER undertake and agree to engage in brokering and making mortgage loans that are in good faith or fair dealing and are not misleading or deceptive, and which do not violate the prohibited activities provisions or Ark. Code Ann. § 23-39-513.

15. SFB and LOAN OFFICER undertake and agree that any advertisement for solicitation of mortgage loan transactions in Arkansas comply with the Fair Mortgage Lending Act, the Rules of the Fair Mortgage Lending Act, and the Rules of the Arkansas Securities Commissioner.

Ken Meek
Chief Lending Officer – State Farm Bank, F.S.B.

01/03/2013
Date

CLAY H. COMBS
LOAN OFFICER

01/07/2013
Date