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ARKANSAS SECURITIES DEPT.

BEFORE THE ARKANSAS SECURITIES COMMISSIONER

CASE NO. C-11-0290

IN THE MATTER OF:

C-11-0290-11-OR01

BROOKSIDE MORTGAGE, LLC, NMLS&R NO. 207052

RESPONDENT

CONSENT ORDER

This Consent Order ("Order") is entered pursuant to the Arkansas Fair Mortgage Lending Act, Ark. Code Ann. §§ 23-39-501 through 23-39-518 ("Act"), the Rules of the Fair Mortgage Lending Act ("Rules"), promulgated under the Act, and the Arkansas Administrative Procedures Act ("Procedures"), codified at Ark. Code Ann. §§ 25-15-201 through 25-15-219 in accordance with an agreement by and between the Staff of the Arkansas Securities Department and Brookside Mortgage, LLC ("Brookside") in full and final settlement of all claims that could be brought against Brookside by the Staff on the basis of the facts set forth herein.

Brookside has cooperated with the Department in its investigation by responding to inquiries, providing documentary evidence and other materials, and providing the Department with access to facts related to the investigation.

By signing below, Brookside admits to the jurisdiction of the Act and the Arkansas Securities Commissioner ("Commissioner"), waives its rights to a formal hearing and appeal, admits the findings of fact made herein, consents to the entry of this Order, and agrees to abide by its terms.

FINDINGS OF FACT

1. Brookside is a corporation organized and existing under the laws of Oklahoma, with its principal place of business located at 9226 S. Elwood Ave., Jenks, Oklahoma. Brookside has been licensed as a mortgage broker and mortgage banker by the Arkansas Securities Department

("Department") since March 9, 2010. Brookside's mortgage broker and mortgage banker license is scheduled to expire on December 31, 2011.

2. Between December 2010 and March 2011, Respondent, Brookside, operated an unlicensed branch location at 424 North B Street, Fort Smith, Arkansas. During this time period, a mortgage loan officer employed by Brookside originated two mortgage loan applications from this branch location for Arkansas residents. Both mortgage loan applications were accepted by Brookside.

3. Robert Sullivan ("Sullivan") was employed as a loan officer by Brookside during the relevant time period when the violations detailed in this order occurred. Sullivan has never been licensed in any capacity under the Act. On July 27, 2010, and August 4, 2010, without holding a license, Sullivan originated two mortgage loans for Arkansas residents. Both mortgage loan applications were accepted by Brookside.

4. Pursuant to Ark. Code Ann. § 23-39-514(b)(1)-(2), the Commissioner may impose a civil penalty against Brookside that shall not exceed $10,000.00 for each violation under the Act.

LEGAL AUTHORITY AND CONCLUSIONS OF LAW

5. The acts by Brookside described in ¶ 2 constitutes two violations of Ark. Code Ann. § 23-39-505(i). In addition, said acts warrant the entry of an order under Ark. Code Ann. § 23-39-514(a)(2)(B) with the appropriate civil penalty against Brookside as authorized by Ark. Code Ann. § 23-39-514(b).

6. It is unlawful for any person, other than an exempt person, to act or attempt to act as a mortgage broker and mortgage banker in Arkansas without first obtaining a license under the Act. Ark. Code Ann. § 23-39-503(a). Each principal place of business and each branch office of a mortgage broker and mortgage banker licensed under the Act shall obtain a separate license. Ark. Code Ann. § 23-39-505(i). Brookside acted outside the scope of "exempt person" as defined by

Ark. Code Ann. § 23-39-503(a), and operated a branch office without a separate license, therefore, those actions as detailed in ¶ 2 were in violation of Ark. Code Ann § 23-39-503(a) and § 23-39-505(i).

7. The acts by Brookside described in ¶ 3 constitutes two violations of Ark. Code Ann. § 23-39-503(c). In addition, said acts warrant the entry of an order under Ark. Code Ann. § 23-39-514(a)(2)(B) with the appropriate civil penalty against Brookside as authorized by Ark. Code Ann. § 23-39-514(b).

8. It is unlawful for any person, other than an exempt person, to act or attempt to act as a mortgage loan officer in Arkansas without first obtaining a license under the Act. Ark. Code Ann. § 23-39-503(c). Sullivan acted outside the scope of an "exempt person" as defined by Ark. Code Ann. § 23-39-502(9), and therefore, the actions by Brookside of employing an unlicensed loan officer as detailed in ¶ 3 were in violation of Ark. Code Ann. § 23-39-503(c).

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

10. The Commissioner by order may impose a civil penalty that shall not exceed $10,000.00 for each violation by a mortgage banker upon a licensee or 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 Act. Ark. Code Ann. § 23-39-514(b)(1) and (2).

ORDER

By agreement and with the consent of the Staff and the authorized representative of Brookside, it is hereby ordered that Brookside shall be responsible for the payment of a civil penalty in the amount of $1,500.00 to the Arkansas Securities Department. The payment of the civil penalty shall be made by Brookside within thirty days of the entry of this Consent Order.

WITNESS MY HAND AND SEAL on this 24th day of June, 2011.

A. Heath Abshure
Arkansas Securities Commissioner

APPROVED AS TO FORM AND CONTENT:

By: Michael J. Thompson
Michael Thompson
President; Brookside Mortgage LLC

Date: June 8, 2011

APPROVED AS TO FORM AND CONTENT:

By: _____
Karyn Tierney
Staff Attorney

Date: 6-24-2011