
IN THE MATTER OF:

CASE NO C-09-067

FIRST UNIVERSAL LENDING, LLC

REQUEST FOR CEASE AND DESIST ORDER

The Staff of the Arkansas Securities Department (“Staff”) received information and has in its possession certain evidence 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.

Administrative Authority

1. This matter is brought in connection with violations of sections of the Arkansas FMLA and is therefore properly before the Arkansas Securities Commissioner (“Commissioner”) in accordance with Ark. Code Ann. § 23-39-514(d).

Respondent

2. 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.

Facts Supporting Request for Cease and Desist Order

3. 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 hereto as Exhibit "1", states that 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 renegotiated AR1's existing mortgage loan. Nevertheless, First Universal refused to refund any of the aforementioned fees paid by AR1 to First Universal.

4. 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 hereto as Exhibit "2", states that 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.

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

6. 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.

7. 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.

Applicable Law

8. Ark. Code Ann. § 23-39-503(b) states 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.

9. Ark. Code Ann. § 23-39-503(c) states that 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.

Conclusions of Law

10. 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 under the Arkansas FMLA by the Department.

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

12. The conduct, acts, and practices of First Universal and its employees threaten immediate and irreparable public harm. A cease and desist order is in the public interest and is appropriate pursuant to Ark. Code Ann. § 23-39-514(d).

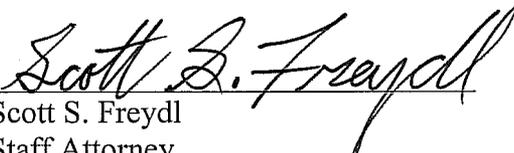
Legal Authority to Issue Cease and Desist Order

13. 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).

Prayer for Relief

WHEREFORE, the Staff respectfully requests that the Commissioner order First Universal to immediately CEASE AND DESIST from acting or attempting to act as a mortgage broker and/or allowing its employees to act as loan officers in the State of Arkansas until it and they are properly licensed under the Arkansas FMLA with the Department; and, for all other relief to which the Staff may be entitled.

Respectfully submitted,



Scott S. Freydl
Staff Attorney
Arkansas Securities Department

12/9/09
Date

FIRST UNIVERSAL LENDING, LLC.
5100 PGA BOULEVARD
SECOND FLOOR
PALM BEACH GARDENS, FL 33418
PH 866-544-8070
FAX 561-340-1215

E-mail: Customerservice@Firstuniversallenging.com

Candice
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 was the one
 I talked to.

LOAN AND FINANCIAL WORKOUT PROGRAM

Many people are in economic distress as a result of the bad economy and bad housing market. They have large credit card bills and mortgages and are looking for more cost efficient loans but they may not qualify at this time until they have had an opportunity to deal with their present creditors to negotiate themselves out of an unfavorable situation. Many of our clients want us to assist them with their creditors and to determine if there are other loan products available.

In response to the demands of the marketplace, we have created a program which we feel will enhance the opportunity of our clients in achieving the solution that is most appropriate for them. As we have been contacted to provide you a loan and based on your credit history as described by you to us or based on information we have already received regarding you, we are offering this program to you. We will approach your present debt holders and attempt to work out a new loan/debt at a lower cost to you or in the alternative we may attempt to lower the balance on your credit card, mortgage or other debt and then attempt to help you with a new loan/credit program to further assist in this process. Based on our experience in the finance industry we feel we are qualified to provide these services to you as we also secure loans for clients on a regular basis as a licensed lender and thereby we have a sense of what would be a reasonable accommodation based on present market conditions so that ultimately we could help you with obtaining a loan and at the same time reducing your other debts.

Our goal is to reduce your present payment and re-work the deal and to help to put you in a new program that better fits your present financial needs. Obviously you want us to help you get a more affordable loan and we want to help by clearing up your financial

picture so that you will have a better chance at qualifying for a loan. With the change in economic times, it has become more difficult to get a loan as there are fewer loan programs available. In order to accommodate you, we will bill our mortgage brokerage fee to you on a monthly basis if it is determined that it is necessary for us to workout solutions with your other creditors.

Our services include the following:

- 1. Collecting all of your financial information, including tax returns, prior mortgages, credit card debts, employment history as well as such other information that would permit us to analyze you for a loan.**
- 2. We then undertake the analysis of your financial situation to determine if you immediately qualify for a loan program or if we need to assist in working with your present creditors/lenders to try to place you in a more opportune financial situation so that when new loan programs come along you will hopefully qualify.**
- 3. We also analyze your situation for any new government or private programs that we may become aware of in which you could receive assistance for your present loan/creditor situation.**

Many of our clients have difficulty paying their bills and that is why they have contacted us to pursue a loan for them and some of our clients advise us that they cannot pay their bills. We do not recommend that you stop paying your bills to your creditors but if you do stop paying those bills, please let us know as that is important information that we need to know when speaking to your creditors.

A typical program for our client can consist of the following:

- 1. We obtain information from you that assists us in identifying who your present lender/creditors are and what is your present loan/credit program.**
- 2. We contact your present lender/credit companies and/or loan servicing company to determine who is responsible for making loan or credit modification decisions.**
- 3. We prepare a package for the loan or credit modification personnel of your lender/credit company to convince them to re-negotiate your present terms. This information is submitted in**

the format of lender and/or underwriter guidelines as many lenders consider modifications to be new loans.

4. We then negotiate an agreement on new loan terms and if all parties agree we then get the documents for you to review.
5. We evaluate the new terms and confer with you on the new payment to help determine if this program is acceptable for you and the amount of potential savings to you.
6. We then try to get you a better loan or better credit relationship

The next question you probably have is what is this going to cost me?

The only cost to you is a monthly charge that we determine based on the amount of your debts/underwriting/processing and work necessary plus \$49.95 per month. That monthly cost will also represent our mortgage brokerage fee if we get you a loan and thereby you will not have any mortgage brokerage fee on your HUD statement for any loan we obtain if we have had to provide monthly services to clear up prior credit relationships.

For those clients who do not need us to clear up prior credit or lender relationships, then our mortgage broker fee will simply appear on the HUD statement for any new loan we obtain for you.

It is important for you to understand, that although you may be paying us monthly, the payment you make to us is a mortgage brokerage fee as we are a lender and we are applying that fee to our costs involved in presently assisting you with your present creditors and lenders. We do not pay your creditors and we are not a debt management firm or a foreclosure rescue firm. Your credit card or bank account will be billed for the length of time in which we are working on your file.

We are a licensed lender in a number of states either directly under the name of First Universal or through branch agreements. The fees we charge pay for our services as a lender and our legal fees, administrative fees, etc. . . that we may incur. We are not lawyers but we may use a lawyer to assist us, that lawyer will not be your personal lawyer but rather work for First Universal.

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