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BEFORE THE ARKANSAS SECURITIES COMMISSIONER

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CASE NO. C-10-142

ARKANSAS SECURITIES DEPT.

IN THE MATTER OF:

COMMUNITY HOME
FINANCIAL SERVICES, INC.
NMLS&R NO. 117310

RESPONDENT

REQUEST FOR REVOCATION OR SUSPENSION OF LICENSE AND HEARING

Comes now the Staff of the Arkansas Securities Department ("Staff"), by and through its attorney, Karyn Tierney, and for its Request for Revocation or Suspension of License and Hearing, states:

Administrative Authority

This matter is in connection with the revocation of a license to conduct business as a mortgage banker and mortgage servicer pursuant to the Arkansas Fair Mortgage Lending Act ("Act"), Ark. Code Ann. §§ 23-39-501 through 23-39-518 and is therefore properly before the Arkansas Securities Commissioner ("Commissioner").

Respondent

1. Community Home Financial Services, Inc., ("Community Home") is a corporation organized and existing under the laws of Delaware, with its principal place of business located at 234 East Capitol Street, Suite 200, Jackson, Mississippi. Community Home has been licensed as a mortgage banker and mortgage servicer by the Arkansas Securities Department ("Department") since October 28, 2003. Community Home's mortgage banker and mortgage servicer license is scheduled to expire on December 31, 2010.

Findings of Fact

2. Each mortgage banker and mortgage servicer licensed by the Department is required to submit audited financial statements with the Department through the NMLS&R within ninety (90) days of the end of the licensee's fiscal year.

3. Community Home's fiscal year ended on December 31, 2009. Therefore, Community Home was required to file its audited financial statements by March 31, 2010. Community Home filed to file its audited financial statements by the deadline.
4. The Staff contacted Community Home through the NMLS&R on April 1, 2010, and by certified mail on May 18, 2010, concerning the failure of Community Home to file its audited financial statements by the March 31, 2010, deadline.
5. Each mortgage banker and mortgage servicer licensed by the Department is required to file an annual report of mortgage activity with the Department by March 31 of each year. Community Home failed to file an annual report of mortgage activity with the Department.
6. The Staff contacted Community Home through the NMLS&R on April 14, 2010, and by certified mail May 18, 2010, concerning the failure of Community Home to file its annual report of mortgage activity in Arkansas by the March 31, 2010, deadline.
7. As of the date of this filing, Community Home has failed to remit the required audited financial statements or the required annual report of mortgage activity to the Department by the deadline.
8. Pursuant to Ark. Code Ann. § 23-39-514(a)(1) and (a)(2)(B) the Commissioner may suspend or revoke the Arkansas mortgage banker and mortgage servicer license of Community Home for failing to file its audited financial statements with the Department in violation of Ark. Code Ann. § 23-39-506(f) and Rule 5006-1(a)(6), of the Rules of the Fair Mortgage Lending Act and for failing to file its annual report of mortgage activity with the Department in violation of Ark. Code Ann. §§ 23-39-506(a)(2)(A), Rule 5006-2 of the Rules of the Fair Mortgage Lending Act, and Commissioner's Order No. C-10-037-10-OR01. Specifically, Community Home should have filed its audited financial statements and its annual report of mortgage activity with the Department no later than March 31, 2010.

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

CONCLUSIONS OF LAW

10. The Act states that each licensed mortgage banker and mortgage servicer shall file within ninety days after the end of the mortgage banker's or mortgage servicer's fiscal year end, audited financial statements that reflect that the licensee has a net worth of at least twenty-five thousand dollars. Ark. Code Ann. § 23-39-506(f).

11. The Act states that each licensed mortgage banker and mortgage servicer shall file an annual report of mortgage activity. Ark. Code Ann. § 23-39-506(a)(2)(A).

12. Rule 5006-2 of the Rules of the Fair Mortgage Lending Act states that each mortgage banker and mortgage servicer licensed in Arkansas at anytime during the reporting period shall file a report containing information regarding the licensee's mortgage activity in Arkansas by March 31 of the calendar year.

13. By Order No. C-10-037-10-OR01, titled In The Matter of: Arkansas Fair Mortgage Lending Act, Ark Code Ann. § 23-39-506(a)(2), the Commissioner ordered that each mortgage banker and mortgage servicer licensed under the Act must file an annual report of mortgage activity directly with the Department by March 31, 2010.

14. The Commissioner may by order deny, suspend, revoke, or refuse to issue or renew a license of a licensee if the Commissioner finds that the order is in the public interest and the licensee has violated or failed to comply with any provision of the Act, any rule adopted by the Commissioner, or any order of the Commissioner. Ark. Code Ann. § 23-39-514(a)(1) and (a)(2)(B).

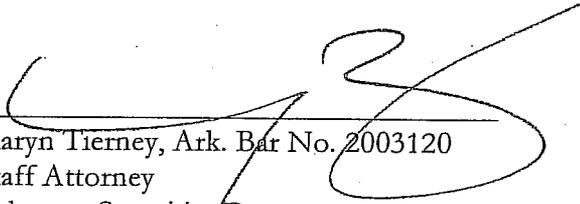
15. The Commissioner by order may impose a civil penalty that shall not exceed \$10,000.00 for each violation by a mortgage banker upon a licensee or partner, officer, director, member, manager,

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).

REQUESTED RELIEF

For the reasons set forth herein, the Staff requests that a hearing be held to consider whether the mortgage banker and mortgage servicer license of Community Home should be revoked or suspended, as well as the imposition of a reasonable civil penalty, for Community Home's failure to file its audited financial statements and its annual report of mortgage activity with the Department in violation of Ark. Code Ann. §§ 23-39-506(f) & 23-39-506(a)(2)(A), Rule 5006-2 of the Rules of the Fair Mortgage Lending Act, and Commissioner's Order No. C-10-037-10-OR01.

Respectfully Submitted,



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July 14, 2010
Date