STATE OF ARKANSAS
SECURITIES DEPARTMENT
HERITAGE WEST BUILDING, SUITE 300
201 EAST MARKHAM STREET
LITTLE ROCK, AR 72201
TELEPHONE: 501.324.9260 FAX: 501.324.9268
Website: www.securities.arkansas.gov

FAIR MORTGAGE LENDING ACT
MORTGAGE BANKER/MORTGAGE BROKER/MORTGAGE SERVICER
APPLICATION FOR LICENSE

INSTRUCTIONS FOR COMPLETING AND SUBMITTING
FMLA FORMS 001 - 014

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY
BEFORE SUBMITTING AN APPLICATION.

All information must be typed or printed legibly in ink. Please provide full and complete responses to each question. If a particular question does not apply enter "None" or "N/A" (not applicable); do not leave any item blank. ***Applications that are incomplete, improperly signed, or submitted without the required fees will not be processed.***

To apply for an initial license, an Applicant must submit the following to the Arkansas Securities Department ("ASD"):

- The required non-refundable application fee. See 2008 Fee Schedule.
- FMLA Form 001, Application for License, completed and executed.
- FMLA Form 002, Parents, Subsidiaries and Affiliates, completed.
- FMLA Form 003, Principals, Officers, Trustees, Directors and Managers, completed.
- ***FMLA Form 004, Replaced with FMLA Form 014 see below.***
- FMLA Form 005, State Licensing Information, completed.
- FMLA Form 006, Branch Offices, completed.
- ***FMLA Form 006-A, Replaced with FMLA Form 014 see below.***
- FMLA Form 007, Loan Officers, completed.
- FMLA Form 008, Surety Bond, completed and executed, ***or***,
- FMLA Form 009, Assignment and Escrow Agreement, completed and executed.
- FMLA Form 010, Arkansas Consent to Service of Process, completed and executed.
- **FMLA Form 014,** Application for Managing Principal, Branch Manager or Loan Officer, completed and executed.

FMLA Form 001, Application for License.

FMLA Form 001, Application for License must be executed by the Applicant's President, Chief Executive Officer or Managing Principal.

The initial application fee can be calculated using the 2008 Fee Schedule. Checks should be made payable to the "Arkansas Securities Department."

FMLA Form 001, Application for License. (Continued)

1. Name of Applicant.

The Applicant is the legal entity seeking a license to conduct business in Arkansas. A business formed as a "sole proprietorship" should identify a natural person as the Applicant with any assumed name(s) listed on the second line (Example: John Q. Public dba ABC Mortgage). If any Applicant other than a sole proprietorship intends to operate in Arkansas under an assumed name(s), list each name on the second line and provide ASD with a copy of the "Registered Fictitious Name" certificate issued by the Arkansas Secretary of State for each assumed name (Example: ABC, Inc. dba 123 Mortgage Company).

2. Principal office address.

Each Applicant must have a principal place of business. Principal place of business means a stationary construction consisting of at least one (1) enclosed room or building in which negotiations of mortgage loan transactions of others may be conducted in private, or in which the primary business functions of the licensee are conducted. The Principal Office Address, therefore, must be a physical location. If the Applicant wishes to receive written correspondence at an address other than the principal office address, provide that address as well.

3. Applicant's business activities.

The Applicant must indicate all business activities it intends to conduct in Arkansas that require licensing under the Fair Mortgage Lending Act. The license issued by ASD will indicate those activities the licensee is permitted to conduct in Arkansas. The Applicant's activities will also dictate the amount of surety bond coverage required (see FMLA Form 008, Surety Bond).

4. Form of organization

The Applicant must file a copy of its articles of incorporation, articles of organization, articles of partnership, or other such documents of organization filed with the appropriate regulatory authority in its State of organization, as well as copies of any documents issued by said regulatory authority granting approval of said filing. The Applicant must also file any documents issued by the Arkansas Secretary of State granting the Applicant authority to conduct business in Arkansas. If the Applicant is a partnership or limited liability company, the Applicant should also file a copy of its partnership, management or operating agreement.

5. List the Applicant's affiliates.

See FMLA Form 002, Parents, Subsidiaries and Affiliates.

6. List of all persons having an interest in the business as principals, partners, officers, trustees, directors or managers.

See FMLA Form 003, Principals, Officers, Trustees, Directors and Managers.

7. Managing Principal.

See FMLA Form 014, Application for Managing Principal, Branch Manager or Loan Officer

8. List all states in which the Applicant is licensed to conduct business.

See FMLA Form 005, State Licensing Information.

9. List all branch offices conducting business in the State of Arkansas.

See FMLA Form 006, Branch Offices.

10. List all loan officers conducting business in the State of Arkansas.

See FMLA Form 007, Loan Officers.

11. Arkansas corporate surety bond.

See FMLA Form 008, Surety Bond and FMLA Form 009, Assignment and Escrow Agreement.

12. Audited Financial Statements.

Each Mortgage Banker and Mortgage Servicer must submit audited financial statements reflecting a net worth of at least Twenty Five Thousand dollars ($25,000.00) accompanied by an unqualified opinion and financial statements must be as of a date not exceeding fifteen months prior to the application date. Each Mortgage Broker must submit financial statements reflecting a net wroth of at least Twenty-Five Thousand Dollars ($25,000.00) certified as true and correct by the president or chief financial officer of the mortgage broker and the financial statements must be as of a date not exceeding eighteen months prior to the application date. The financial statements should consist of, at least, a Balance Sheet and an Income Statement.

Mortgage Brokers must attach a "Certification of Unaudited Financial Statements for Mortgage Brokers Only," signed by either the President or the Chief Financial Officer of the Applicant.

13. Arkansas "Consent to Service of Process".

See FMLA Form 010, Arkansas Consent to Service of Process**.**

14. Location of records pertaining to mortgage loan transactions involving Arkansas consumers.

For purposes of examinations, the Applicant must provide the physical address where records pertaining to Arkansas consumers will be maintained.

15. Applicant contact information.

The Applicant must identify the officer or employee responsible for licensing, regulatory compliance and consumer complaints. Correspondence concerning such matters can then be addressed to the appropriate person.

16. Questions.

The Arkansas Securities Commissioner is charged with the responsibility of conducting a financial and business responsibility background check to determine the general character and fitness of the Applicant and any of its partners, directors, executive officers, and/or controlling persons to engage in business as a mortgage banker, mortgage broker, or mortgage servicer. All questions must be answered. Details to affirmative ("yes") responses, other than subsection (s), must be provided. Such details would include, but not be limited to, date(s), court name, case number, party(ies) and court ruling or judgment amount. Affirmative answers may not automatically disqualify an Applicant.

Please mail the completed Application and required application fee to:

Arkansas Securities Department
Heritage West Building, Suite 300
201 East Markham Street
Little Rock, AR 72201

FMLA Form 002, Parents, Subsidiaries and Affiliates.

The Applicant must identify each parent, subsidiary and affiliate. The Applicant must provide the name of each company and any assumed name(s), its principal business address and telephone number, its Federal Tax ID number, and a brief description of the business it conducts. Additionally, the Applicant should provide an organizational chart that shows ownership positions and percentages of ownership.

FMLA Form 003, Principals, Officers, Trustees, Directors and Managers.

The Applicant must list all persons having an interest in the Applicant as owner, partner, director, manager or executive officer. An additional FMLA Form 003, Principals, Officers, Trustees, Directors and Managers must be completed for each owner listed that is not a natural person. For example, if XYZ, Inc. is listed as an owner of 123 Mortgage, Inc., a FMLA Form 003, Principals, Officers, Trustees, Directors and Managers must be completed for XYZ, Inc.

FMLA Form 004, Replaced by FMLA Form 014 see below.

FMLA Form 005, State Licensing Information.

The Applicant must identify the regulatory authority in each state that has specifically licensed the Applicant to conduct mortgage lending.

FMLA Form 006, Branch Offices.

The Applicant must list all branch offices that will be conducting business in Arkansas. Do not list the principal office on this form. Each branch office must have a designated Branch Manager. Each Branch Manager must complete and file FMLA Form 014, Application for Managing Principal, Branch Manager or Loan Officer. The Managing Principal may serve as a Branch Manager. Each Branch Manager must also be licensed as a Loan Officer. The Applicant shall not conduct business in Arkansas from an unlicensed branch.

FMLA Form 006-A, Replaced by FMLA Form 014 see below.

FMLA Form 007, Loan Officers.

The Applicant must list all loan officers licensed to conduct business in Arkansas. A loan officer shall not be employed simultaneously by more than one (1) licensed mortgage banker or mortgage broker. 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 that person is licensed as a loan officer.

FMLA Form 008 Surety Bond.

FMLA Form 008 Surety Bond must be executed by the Applicant's President, Chief Executive Officer or Managing Principal.

Each Mortgage Banker and Mortgage Servicer is required to post a surety bond in the amount of One Hundred Thousand Dollars ($100,000.00) and each Mortgage Broker is required to post a surety bond in the amount of Fifty Thousand Dollars ($50,000.00). FMLA Form 008 Surety Bond is the only form that will be accepted. The Applicant must submit the original bond executed by the Applicant and the Surety company, as well as the original Surety Power of Attorney.

FMLA Form 009, Assignment and Escrow Agreement.

FMLA Form 009, Assignment and Escrow Agreement must be executed by the Applicant's President, Chief Executive Officer or Managing Principal.

If an Applicant cannot obtain a surety bond or chooses to not obtain a surety bond, a deposit of cash or securities issued by the federal government, the State of Arkansas, or any political subdivision thereof, in the appropriate amount, accompanied by an executed FMLA Form 009, Assignment and Escrow Agreement may be accepted.

FMLA Form 010, Arkansas Consent to Service of Process.

FMLA Form 010, Arkansas Consent to Service of Process must be executed by the Applicant's President, Chief Executive Officer or Managing Principal

FMLA Form 014, Application for Managing Principal, Branch Manager or Loan Officer

FMLA Form 014, Managing Principal Personal Data must be executed by the Applicant's Managing Principal. Branch Manager Personal Data must be executed by each Branch Manager.

Each Mortgage Broker or Mortgage Banker licensee must have a designated Managing Principal. "Managing Principal" means a person who meets the requirements of Ark. Code Ann. § 23-39-505 and who agrees to primarily responsible for the operations of a licensed Mortgage Broker or Mortgage Banker. The Managing Principal must have at least three years experience in the mortgage lending business.

Each branch office must have a designated Branch Manager. Each Branch Manager must complete and file FMLA Form 014, Application for Managing Principal, Branch Manager or Loan Officer. Each Branch Manager must also be licensed as a Loan Officer.

FMLA Form 014 has been amended to provide the ability to notify the Department of any minor change in the status of the loan officer licensed with the Department instead of filing a separate FMLA Form LO-002, which is no longer applicable. On the FMLA Form 014 an insert has been made to allow the loan officer to mark whether this is a ***new filing*** or an ***amended filing.*** If it is a new filing, then the entire form must be completed. If you are only amending existing information such as home address, phone number, or website, then mark the box "Amended" and make only those changes on the form and submit it to the Department for update. Amended updates would not require a Notary's signature.

The Arkansas Securities Commissioner is charged with the responsibility of conducting a financial and business responsibility background check to determine the general character and fitness of the Applicant and any of its partners, directors, executive officers, and/or controlling persons to engage in business as a Mortgage Banker, Mortgage Broker, or Mortgage Servicer. All questions must be answered. Details to affirmative ("yes") responses must provided. Such details would include, but not be limited to, date(s), court name, case number, party(ies) and court ruling or judgment amount. Affirmative answers may not automatically disqualify an Applicant.

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY BEFORE SUBMITTING FMLA FORMS 011 AND 012.

All information must be typed or printed legibly in ink. Please provide full and complete responses to each question. If a particular question does not apply enter "None" or "N/A" (not applicable); do not leave any item blank. ***Forms that are incomplete, improperly signed, or submitted without the required fees will not be processed.***

Licensees are required to keep all information on file with ASD current. If the information contained in any document filed with ASD is or becomes inaccurate or incomplete in any material respect, the licensee shall file FMLA Form 011, Notice of Changes in Licensee Data and/or FMLA Form 012, Notice of Changes in Branch Data correcting the information contained in the document within thirty (30) days from the date on which the change takes place. Any licensee that does not comply with this requirement shall pay a fine equal to Ten Dollars ($10.00) for each day the licensee fails to file a correcting document, up to a maximum of Six Hundred Dollars ($600.00).

FMLA Form 011, Notice of Changes in Licensee Data.

FMLA Form 011, Notice of Changes in Licensee Data must be executed by the Applicant's President, Chief Executive Officer or Managing Principal.

FMLA Form 011, Notice of Changes in Licensee Data should be used to report the following changes:

- Change in Licensee's name. Addition of an assumed name (DBA).
- New or corrected address, telephone number or fax number.
- Change in business activities.
- Addition of new principals, partners, officers, trustees, directors or managers.
- Removal of principals, partners, officers, trustees, directors or managers.
- Change of Licensee's Managing Principal. The new Managing Principal must complete FMLA Form 014, Application for Managing Principal, Branch Manager or Loan Officer and attach to FMLA Form 011, Notice of Changes in Licensee Data.
- Addition of new Arkansas licensed loan officers.
- Removal of Arkansas licensed loan officers.
- Change of location of records pertaining to mortgage loan transactions involving Arkansas consumers.

Please note that licenses are not transferable.
Control of a licensee shall not be acquired through a stock or equity purchase, transfer of interest, or other device without the prior written consent of the commissioner. Any person seeking to acquire control of a licensee shall:

(A) ***Pay a fee of One Hundred Dollars ($100)***;

(B) Submit to the commissioner the information required under A.C.A. § 23-39-505(a)(3)(D) and any other information deemed relevant by the commissioner;

(C) Certify that the licensee continues to meet the qualifications under A.C.A. § 23-39-505.

The commissioner may refuse to give written consent if he or she finds that any of the grounds for denial, revocation, or suspension of a license under A.C.A § 23-39-514 are applicable to the acquiring person.

FMLA Form 012, Notice of Changes in Branch Data

FMLA Form 012, Notice of Changes in Branch Data must be executed by the Applicant's President, Chief Executive Officer or Managing Principal.

FMLA Form 012, Notice of Changes in Branch Data should be used to report the following changes:

- Addition of a new branch office. ***There is an Application Fee for each new branch licensed. Please refer to 2008 Fee Schedule.***
- Closing of a branch office.
- New or corrected address, telephone number or fax number.
- Branch Manager change. New Branch Managers must complete FMLA Form 006-A, Branch Manager Personal Data and attach to FMLA Form 012, Notice of Changes in Branch Data.

Please mail the completed Forms and required fees to:

Arkansas Securities Department
Heritage West Building, Suite 300
201 East Markham Street
Little Rock, AR 72201