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BEFORE THE ARKANSAS SECURITIES COMMISSIONER

CASE NO. C-12-0106 12 NOV -8 AM 8:44

IN THE MATTER OF

AMERICAHOMEKEY, INC.

ARKANSAS SECURITIES DEPT.

ORDER NO. C-12-0106-12-OR02

RESPONDENT

ORDER REVOKING LICENSE OF AMERICAHOMEKEY, INC.

A hearing was held on November 5, 2012, in this matter to consider a Request for Summary Suspension of License, Revocation of License, and Hearing ("Request for Revocation") filed by the Staff of the Arkansas Securities Department ("Staff") on July 24, 2012. The Request for Revocation sought a hearing to determine whether the mortgage banker, mortgage broker, and mortgage servicer license, license number 40325, held by AmericaHomeKey, Inc. ("AHK"), should be revoked. On July 30, 2012, I entered a Notice of Hearing & Order Summarily Suspending License of AHK, which scheduled a hearing on the revocation of AHK's mortgage banker, mortgage broker, and mortgage servicer license for Tuesday, September 18, 2012, and which summarily suspended the mortgage banker, mortgage broker, and mortgage servicer license of AHK with the Arkansas Securities Department ("Department"). On September 17, 2012, I entered an Amended Notice of Hearing rescheduling the hearing on the revocation of AHK's mortgage banker, mortgage broker, and mortgage servicer license for Monday, November 5, 2012. AHK failed to appear at the hearing after proper service of notice. The Staff was represented by Amber Crouch, Staff Attorney.

Having considered the pleadings, exhibits, and testimony of the witness, I hereby revoke the mortgage banker, mortgage broker, and mortgage servicer license of AHK.

FINDINGS OF FACT

1. The proceeding was conducted pursuant to the Arkansas Fair Mortgage Lending Act, codified at Ark. Code Ann. §§ 23-39-501 through 23-39-518 (“Act”), and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. §§ 25-15-201 through 25-15-219.

2. AHK is a Texas corporation with its principal place of business located at 3838 Oak Lawn Avenue, Suite 1050, Dallas, Texas 75219. AHK has been licensed as a mortgage banker, mortgage broker, and mortgage servicer with the Department since May 17, 2011. AHK was first licensed with the Department as a mortgage banker from July 26, 2007, until the approval of its mortgage broker and mortgage servicer license on May 17, 2011.

3. AHK posted surety bond number 65BSBDZ4650 to secure the faithful performance of its duties under the Act. This bond was cancelled by Hartford Fire Insurance Company (“Hartford”) effective on or about June 22, 2012. The Department received prior notice from Hartford and provided notice to AHK of the impending cancellation.

4. AHK has failed to maintain a surety bond as required by the Act. Since the cancellation of AHK’s surety bond, AHK has failed to remit either a new surety bond or a written notice of the reinstatement of AHK’s existing surety bond.

5. AHK failed to file its quarterly report of mortgage activity, commonly known as a Mortgage Call Report (“MCR”), for the first quarter of 2012 with the Department before its due date of May 15, 2012. The Department provided notice to AHK concerning its failure to timely file its quarterly MCR in Arkansas, and AHK has since failed to file its MCR for the first quarter of 2012 with the Department.

6. On or about May 24, 2012, the Department discovered that AHK had listed its mailing address on its website, <http://www.americahomekey.com>, as 3824 Cedar Springs Road,

#442, Dallas, Texas 75219. This address does not correspond with AHK's principal place of business listed on the Nationwide Mortgage Licensing System & Registry as 3838 Oak Lawn Avenue, Suite 1050, Dallas, Texas 75219. The Department has not received notice of a change of address from AHK.

7. On May 17, 2012, the California Department of Corporations, which regulates consumer and commercial lenders, including mortgage lenders, revoked AHK's California finance lenders license due to AHK's failure to file an annual report. On June 26, 2012, the Wisconsin Department of Financial Institutions revoked AHK's Wisconsin mortgage banker and mortgage broker licenses for AHK's failure to maintain a surety bond. On October 8, 2012, the North Carolina Office of the Commissioner of Banks revoked AHK's North Carolina mortgage lender license for failing to surrender its license, failing to maintain a surety bond, failing to submit a new qualifying individual, and being the subject of disciplinary actions by various state regulators and the U.S. Department of Housing and Urban Development.

CONCLUSIONS OF LAW

8. Each mortgage broker, mortgage banker, and mortgage servicer licensed by the Department shall post a surety bond in the amount prescribed by rule or order of the Commissioner. Ark. Code Ann. § 23-39-505(f).

9. All licensees with surety bonds under the Act must ensure that the full amount of the surety bond is in effect at all times. Failure to maintain the surety bond at the required level shall be grounds for disciplinary action. Rule 5005-8(f) of the Rules of the Fair Mortgage Lending Act ("Rules").

10. A person required to be licensed as a mortgage banker, mortgage broker, and mortgage servicer under the Act shall provide the Commissioner with a quarterly report of mortgage activity. Ark. Code Ann. § 23-39-510(a)(6).

11. A mortgage broker or mortgage banker licensed at any time in Arkansas during the reporting period shall file a quarterly report containing information regarding the mortgage activity in Arkansas. The quarterly report must be filed with the Commissioner no later than forty-five days from the end of every calendar quarter. Rule 5010-3 of the Rules.

12. A mortgage banker, mortgage broker, or mortgage servicer shall report a change of address of the principal place of business, a branch office, or a location in which the files pertaining to the mortgage loan transactions are maintained within thirty days after the change. Ark. Code Ann. § 23-39-509(e)(1).

13. The Commissioner by order may revoke 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 or Rules; is the subject of an order, including a revocation of authority to engage in a regulated activity by any other state authority to which the person is, has been, or has sought to be subject, entered within the past five years, including without limitation the mortgage industry; or does not meet the qualifications of any bond requirements. Ark. Code Ann. § 23-39-514(a)(1) and (a)(2)(B), (F) and (H).

14. AHK violated Ark. Code Ann. § 23-39-505(f) and Rule 5005-8(f) of the Rules when it failed to maintain a surety bond.

15. AHK violated Ark. Code Ann. § 23-39-510(a)(6) and Rule 5010-3 of the Rules when it failed to file its quarterly MCR for the first quarter of 2012 with the Department.

16. AHK violated Ark. Code Ann. § 23-39-509(e)(1) when it failed to report a change of address within thirty days after the change was made, which was on or before the date of the Department's discovery of the change on or about May 24, 2012.

17. Pursuant to Ark. Code Ann. § 23-39-514(a)(1) and (a)(2)(B), (F) and (H), the revocation of AHK's license is in the public interest as AHK has violated various provisions of the Act and Rules; was the subject of a revocation of its mortgage lending licenses in the states of California, Wisconsin, and North Carolina within the past five years; and has failed to meet the bond requirements as set forth in the Act and Rules.

ORDER

IT IS HEREBY ORDERED that the mortgage banker, mortgage broker, and mortgage servicer license of AmericaHomeKey, Inc., license number 40325, is hereby REVOKED.

AmericaHomeKey, Inc. may seek a review of this order by filing a written petition with the Circuit Court of Pulaski County, Arkansas, within sixty days after the entry of this order, pursuant to Ark. Code Ann. § 23-39-515.



A. Heath Abshure
Arkansas Securities Commissioner

Nov. 8, 2012
Date

Order Prepared By:

Amber E. Crouch
Staff Attorney
Arkansas Securities Department

