

**STATE OF ARKANSAS
SECURITIES DEPARTMENT**

**IN THE MATTER OF
LIBERTY MORTGAGE, INC.;
SALT LAKE CITY, UTAH**

RESPONDENT

ORDER NO. C-06-013-06 CD01

CEASE AND DESIST ORDER

On or about March 24, 2006, the staff of the Arkansas Securities Department (hereinafter referred to as "Securities Department staff") received information concerning Liberty Mortgage, Inc. (hereinafter referred to as "Respondent"), a company located in Salt Lake City, Utah. The information and documentation received by Securities Department staff indicated that the Respondent has engaged in certain mortgage loan brokering activities in Arkansas by means of soliciting and negotiating the terms of a mortgage loan for an Arkansas consumer without a license to engage in such activities, in violation of the Arkansas Fair Mortgage Lending Act, Ark. Code Ann. Section 23-39-501, et seq.

FINDINGS OF FACT

1. On or about August 26, 2004, the Respondent submitted an application to the Arkansas Securities Department for a license to do business in Arkansas as a mortgage loan broker and as a mortgage loan banker. On September 29, 2004, Respondent was issued Arkansas Securities

Department license number 20114, authorizing the company to conduct the business of a mortgage loan broker and banker in Arkansas. The license was issued to the following entity at the address below:

Liberty Mortgage, Inc., of Arkansas
5383 South 900 East, Suite 290
Salt Lake City, Utah 84117

The license was to expire on April 30, 2005.

2. Upon the expiration of its Arkansas license on April 30, 2005, Respondent failed to submit a renewal application or the necessary licensing fees authorizing the company to conduct business in Arkansas for another year.

3. By letter dated July 20, 2005, Respondent was advised that its license had expired effective June 30, 2005, and that the company was no longer authorized to conduct any mortgage loan related business in Arkansas.

Since July 20, 2005, there have been no communications between Respondent and the Arkansas Securities Department.

5. During in or about February and March, 2006, a married couple residing in Bryant Arkansas, (“the Arkansas consumers”), were attempting to purchase a home located in that city. The Arkansas consumers were referred to the Respondent by the seller of the real property. The Arkansas consumers contacted Respondent for the purpose of obtaining financing for

the purchase of the home. The Arkansas consumers communicated with Respondent concerning an anticipated mortgage loan “off and on for about two months”. During the course of those two months, the agents of Respondent working on the Arkansas consumer’s anticipated mortgage loan were “Brandi Bailey” located in Salt Lake City, Utah, and another person by the name “Tony”, whose last name is unknown at this time.

6. On March 6, 2006, Respondent transmitted a document by facsimile to Peter Clark, a licensed real estate appraiser located in North Little Rock, Arkansas. The document was entitled “Requested for Appraisal”. The document reflected that it was sent by the following individual:

Brandi Bailey
Liberty Mortgage, Inc.
5383 South 900 East, # 290
Salt Lake City, Utah 84117

The document requested that an appraisal be prepared on property located at 513 SE Second Street in Bryant, Arkansas. The document identified the Arkansas consumers as the “applicant”.

7. On March 7, 2006, Peter Clark prepared an appraisal of the subject property.

8. The Arkansas consumers have represented that during early communications with the Respondent, Respondent’s agents advised

that a loan could be obtained with ‘no money down’. In later discussions, Respondent’s agents advised the Arkansas consumers that mortgage loan financing would require a down payment of five percent (5%). Upon being advised of the latter, the Arkansas consumers declined the mortgage loan from Respondent.

9. During or about the week of March 13, 2006, Peter Clark received a document by facsimile from Respondent. The document was a copy of the March 6, 2006 “Request for Appraisal” that had since been marked with the word “CANCEL” across its face.

10. On March 24, 2006, Peter Clark submitted a complaint to the Arkansas Securities Department. A review of the documentation attached to Mr. Clark’s complaint led to further inquiry by Securities Department staff.

11. There is sufficient evidence to conclude that the Respondent has engaged in acts in violation of the Arkansas Fair Mortgage Lending Act, and that this is an appropriate case for summary entry of a cease and desist order, and that such an order is in the public interest.

CONCLUSIONS OF LAW

13. It is unlawful for any person other than an exempt person to act or attempt to act, directly or indirectly, as a mortgage broker, mortgage banker, loan officer, or mortgage servicer with any person located in Arkansas

without first having obtained a license to engage such activity from the Arkansas Securities Commissioner. **Ark. Code Ann. Section 23-39-503(b).**

14. The Arkansas Securities Commissioner is duly authorized to summarily order a person to cease and desist from an activity upon finding that the activity is prohibited by the Arkansas Fair Mortgage Lending Act.

Ark. Code Ann. Section 23-39-514 (6) (d) (1).

ORDER

IT IS HEREBY ORDERED that Respondent shall immediately CEASE and DESIST from engaging in any residential mortgage loan brokering activities in Arkansas. The mortgage loan brokering activities from which the Respondent is precluded from engaging in Arkansas include, but shall not be limited to, accepting or offering to accept an application for a mortgage loan, soliciting or offering to solicit an application for a mortgage loan, negotiating or offering to negotiate the terms or conditions of a mortgage loan, issuing or offering to issue mortgage loan commitments or interest rate guarantee agreements to borrowers, advertising mortgage loan brokering services, or contacting borrowers or potential borrowers for the purpose of brokering a residential mortgage loan, directly or indirectly, by telephone, electronic means, mail, or in person.

Securities Department staff is hereby authorized to monitor Respondent's

compliance with this Order, and shall promptly report any violations.

Securities Department legal counsel is authorized to conduct any sworn examinations relevant to this inquiry. Respondent is admonished that any violations of this Order may result in the initiation of legal proceedings before the Circuit Court of Pulaski County, Arkansas by Securities Department legal counsel.

Respondent may request a hearing on this matter before the Arkansas Securities Commissioner. Any request for a hearing shall be made within thirty (30) days of the date on which the Respondent receives a copy of this Order and shall be made in writing to the Arkansas Securities Commissioner at 201 East Markham Street, Suite 300, Little Rock, Arkansas, 72201. If no hearing is requested by Respondent within thirty (30) days of Respondent's receipt of this Order, this Order shall become final.

IT IS SO ORDERED.



Michael B. Johnson
Arkansas Securities Commissioner

April 3, 2006
Date