

**STATE OF ARKANSAS
SECURITIES DEPARTMENT**

IN THE MATTER OF

**A FREEDOM TEAM MORTGAGE
COMPANY, INC., a/k/a A~FREEDOM
TEAM MORTGAGE COMPANY, INC.,
And aftmortgage.net; BETTY KITCHEN;
MARK LEAMON THOMAS;
and TRENT DODDS**

ORDER NO. C-06-022-06-CD01

CEASE AND DESIST ORDER

On this date before the Arkansas Securities Commissioner (hereinafter referred to as the "Commissioner") is the matter of A FREEDOM TEAM MORTGAGE COMPANY, INC., a/k/a A~FREEDOM TEAM MORTGAGE COMPANY, INC., a/k/a aftmortgage.net (hereinafter referred to as "AFT"); BETTY KITCHEN (hereinafter referred to as "KITCHEN"); MARK LEAMON THOMAS (hereinafter referred to as "THOMAS"); and TRENT DODDS (hereinafter referred to as "DODDS") and the issue of their compliance with the Arkansas Fair Mortgage Lending Act (hereinafter referred to as "the Act"). The Staff of the Arkansas Securities Department (hereinafter referred to as the "Staff"), allege that AFT, KITCHEN, THOMAS, and DODDS have failed to comply with the proper licensing requirements of the Act, and have obtained evidence indicating AFT, KITCHEN, THOMAS, and DODDS conducted business in the State of Arkansas without a license as required under the Act, including advertising, soliciting and accepting loan applications, accepting compensation as a unlicensed loan officer, falsifying documents for loan processing, submitting false statements to the Staff, and continuing to conduct mortgage loan activity after the Staff advised all mortgage loan

activity must cease until a license was issued. Based upon the records on file with the Commissioner, evidence obtained by the Staff, and the representations of Staff, the Commissioner finds:

FINDINGS OF FACT

1. The Act became effective on January 1, 2004. A requirement of the Act is that any individual or business conducting business in the State of Arkansas as a loan officer, mortgage banker, mortgage broker, or mortgage servicer must be licensed with the Arkansas Securities Department (hereinafter referred to as "Department") in order to do business in the State of Arkansas. The individual or business who desires to be licensed in the State of Arkansas must file an application with the Department in order to obtain a license.
2. AFT is a business incorporated in the State of Nevada. Its last known physical address is 411 N. Main Street, Searcy, Arkansas 72143. AFT purports to be and holds itself out to be a mortgage broker that can obtain and originate residential mortgage loans. The files on record with the Commissioner reflect that AFT has never applied for or been issued a mortgage banker, mortgage broker, or mortgage servicer license by the State of Arkansas authorizing them to conduct mortgage loan activity in the State of Arkansas.
3. According to the records filed by AFT with the Nevada Secretary of State, KITCHEN is the secretary of AFT. The files on record with the Commissioner reflect that KITCHEN has never applied or been issued a loan officer license for AFT. A loan officer license was issued to KITCHEN on or about March 27, 2006

as an employee of Quotemearate.com, a licensed mortgage banker and mortgage broker in the State of Arkansas. She was subsequently granted a license as a loan officer on or about May 8, 2006 with Amstar Mortgage Corporation.

4. According to the records filed by AFT with the Nevada Secretary of State, THOMAS is the president and director of AFT. The files on record with the Commissioner reflect that THOMAS has never applied for or been issued a mortgage banker, mortgage broker, mortgage servicer, or loan officer license by the State of Arkansas authorizing him to conduct mortgage loan activity in the State of Arkansas.
5. According to the records filed by AFT with the Nevada Secretary of State, DODDS is the treasurer of AFT. The files on record with the Commissioner reflect that DODDS has never applied for or been issued a loan officer license by the State of Arkansas authorizing him to conduct mortgage loan activity in the State of Arkansas.
6. On or about November 14, 2005, KITCHEN submitted a FMLA Form 014 Application for Loan Officer License to be employed by Quotemearate.com. However, an authorized individual from Quotemearate.com had failed to complete the company portion of the application, and the business address listed of 303 N. Spruce, Searcy, Arkansas 72143, was not a licensed branch office in the State of Arkansas. As a result of those deficiencies, the application was not approved by the Department, and a loan officer license was not issued to KITCHEN.

7. On or about December 30, 2005 KITCHEN provided the Department with a copy of an email indicating that she had a pending Arkansas loan that was scheduled to close in January 2006. KITCHEN was not a licensed loan officer at this time.
8. On or about February 13, 2006 and May 31, 2006, the Department obtained information regarding advertising of AFT at www.aftmcorp.com and www.aftmortgage.net, listing a physical location of 303 N. Spruce, Searcy, Arkansas 72143, and soliciting mortgage loans by way of and including the following documentation:
 - a. Authorization to Release Credit Information
 - b. Loan Documentation Check List
 - c. Uniform Residential Loan Application (65) (1003)
 - d. Avedis Lead Generator Form.
9. On or about March 13, 2006, Quotemearate.com submitted a corrected loan officer application for KITCHEN and a branch office application for 303 N. Spruce, Searcy, Arkansas, 72143, listing the branch manager as "BETTY JO KITCHEN."
10. Due to the length of time between the initial submission of KITCHEN's loan officer application and Quotemearate.com's corrected submission, the Department requested confirmation from both Quotemearate.com and KITCHEN that there had been no unlicensed mortgage loan activity.
11. On or about March 16, 2006, KITCHEN provided a notarized statement to the Department stating:

“Per your request for clarification regarding Arkansas consumers and Arkansas properties. (sic) This statement is to certify that I have made application through QUOTEMEARE.COM as a Loan Officer and Branch Manager for the State of Arkansas. In addition that I have not solicited or accepted any loan applications involving Arkansas consumers and Arkansas properties during this application process. (sic) That I have been made aware that under Arkansas FMLA, I cannot solicit, accept process or close any mortgage loans until a license is received. (sic) Yours truly,
<signed> Betty Kitchen”

12. On or about March 21, 2006, Quotemearate.com provided a statement that KITCHEN had not conducted any mortgage loan activity in the State of Arkansas through their company.
13. Based on this statement by KITCHEN and other information, KITCHEN was issued Arkansas loan officer license number 28259 as a loan officer for Quotemearate.com on March 27, 2006. Arkansas branch office license number 30460 was issued for 303 N. Spruce, Searcy, Arkansas 72143.
14. Quotemearate.com ceased all business operations in the State of Arkansas as of March 24, 2006. The Department received official notice and request for surrender of Quotemearate.com’s license on or about April 18, 2006. At that time, all licenses associated with Quotemearate.com within the State of Arkansas were cancelled, including KITCHEN 28259 and branch office 30460.

15. On or about April 18, 2006, KITCHEN filed FMLA Form LO-002 Loan Officer Notice of Change to transfer her Arkansas loan officer license to Amstar Mortgage Corporation, Arkansas License Number 11900. KITCHEN's Arkansas loan officer license number 28259 was cancelled on April 18, 2006 as her employer, Quotemearate.com had surrendered their company and all associated loan officer and branch office licenses. KITCHEN was subsequently granted a license as a loan officer on or about May 8, 2006 with Amstar Mortgage Corporation, license number 28259.
16. The Staff has received evidence from an Arkansas resident, (hereinafter referred to as "AR1") regarding solicitation and acceptance of his loan application information by KITCHEN, THOMAS and DODDS. Per AR1, this information was provided to KITCHEN, THOMAS and DODDS during the month of July 2005. This mortgage transaction closed on January 6, 2006. KITCHEN, THOMAS, DODDS were not licensed as loan officers during this period.
17. The Staff has received evidence from an Arkansas resident (hereinafter referred as to "AR2") regarding solicitation and acceptance of his loan application information by KITCHEN. Per AR2, this information was provided to KITCHEN as a representative of AFT during the month of October 2005. This mortgage transaction closed on January 11, 2006. KITCHEN was not licensed as a loan officer during this period.
18. The Staff has received evidence from another Arkansas resident (hereinafter referred to as "AR3") regarding negotiating or offering to negotiate the terms and conditions of a mortgage loan by KITCHEN as of September 8, 2005 on the

letterhead of AFT. This mortgage transaction closed on October 14, 2005.

KITCHEN was not licensed as a loan officer during this period. AFT has never been licensed as a mortgage banker or broker with the State of Arkansas.

19. KITCHEN was fully aware of the requirement of being licensed prior to conducting business as a loan officer in as much as the Staff advised KITCHEN on or about November 14, 2005 and again on January 5, 2006 that she was not authorized to conduct mortgage loan business until such time as a license was issued. In disregard to such admonitions, KITCHEN operated and received compensation for unlicensed mortgage loan activity in Arkansas from approximately August 2005 to March 27, 2006.

APPLICABLE CODE PROVISIONS

20. Ark. Code Ann. § 23-39-503 (b) provides that 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 obtaining a license from the Commissioner.

21. Ark. Code Ann. § 23-39-511 (d) (1) provides that if the information contained in any document filed with the Commissioner is or becomes inaccurate or incomplete in any material respect, the licensee shall file a correcting amendment to the information contained in the document within thirty (30) days from the date on which the change takes place.

22. Ark. Code Ann. § 23-39-514 (a) (1) provides that the Arkansas Securities Commissioner may, by order, deny, suspend, revoke, or refuse to issue or renew a license of a licensee or applicant under the Act or may restrict or limit the activities relating to mortgage loans or any licensee or any person who owns an interest in or participates in the business of a licensee, if the commissioner finds that the order is in the public interest.
23. Ark. Code Ann. § 23-39-514 (a) (2) (B) provides that the Arkansas Securities Commissioner may, by order, deny, suspend, revoke, or refuse to issue or renew a license of a licensee or applicant under the Act or may restrict or limit the activities relating to mortgage loans or any licensee or any person who owns an interest in or participates in the business of a licensee, if the Commissioner finds that any of the following circumstances apply to the applicant, licensee, or any partner, member, manager, officer, director, loan officer, managing principal, or any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the applicant or licensee. The person has violated or failed to comply with any provision of the Act, rule adopted by the Commissioner, or order of the Commissioner issued under the Act or under Acts 1977, No. 806, as amended.
24. Ark. Code Ann. § 23-39-514 (b) (1) provides that the Arkansas Securities Commissioner may, by order, impose a civil penalty upon a licensee or any 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, a rule under the Act, or an order of the Commissioner.

25. Ark. Code Ann. § 23-39-514 (c) (1) provides that the Arkansas Securities Commissioner may, by order, summarily postpone or suspend the license of a licensee pending final determination of any proceeding under § 23-39-514.
26. Ark. Code Ann. § 23-39-514 (d) (1) provides that upon finding that any action of a person is in violation of the Act, the Commissioner may summarily order the person to cease and desist from the prohibited action.

CONCLUSIONS OF LAW

27. AFT is not and has never been licensed as a mortgage banker or broker with the Department. AFT's actions as set forth above constitute violations of Ark. Code Ann. § 23-39-503 (b) in that AFT was required to obtain a license for the activities that it conducted in the State of Arkansas resulting in the residential mortgage closings of AR1, AR2, and AR3, including brokering and advertising of residential mortgage loans.
28. KITCHEN was not a licensed loan officer with the Department until March 27, 2006. KITCHEN's actions as set forth above constitute violations of § 23-39-503 (b) in that KITCHEN was required to obtain a license for the activities she conducted from August 2005 to March 27, 2006 in the State of Arkansas, including solicitation, acceptance of mortgage loan applications, and negotiating the terms and conditions of residential mortgage loans, and resulted in the closing of at least three (3) Arkansas residential mortgage loans.
29. KITCHEN's activities as set forth above were in willful violation of Ark. Code Ann. § 23-39-503 (b), as shown by her continuing to operate and receive

compensation for her unlicensed mortgage loan activities after the Staff of the Department advised her she was not authorized to conduct mortgage loan activity in the State of Arkansas until such time as a license had been issued. Her actions also constitute grounds for suspension or revocation of her license under Ark. Code Ann. § 23-39-514 (a) (2) (B).

30. KITCHEN's activities as set forth above constitute a violation of Ark. Code Ann. § 23-39-511 (d) (1) in that she submitted and filed with the Arkansas Securities Commissioner a false document stating she had not solicited, accepted, negotiated, or closed any mortgage loans without a license while her loan officer license application was pending. Her actions also constitute grounds for the suspension or revocation of her license under Ark. Code Ann. § 23-39-514 (a) (2) (B).
31. THOMAS was required to obtain a license for the activities that he conducted in the State of Arkansas resulting in the residential mortgage closing of AR1, including soliciting of a mortgage loan application. THOMAS' actions as set forth above constitute a violation of Ark. Code Ann. § 23-39-503 (b).
32. DODDS was required to obtain a license for the activities that he conducted in the State of Arkansas resulting in the residential mortgage closing of AR1, including soliciting of a mortgage loan application. DODDS' actions as set forth above constitute a violation of Ark. Code Ann. § 23-39-503 (b).
33. It is in the public interest that this Order be entered so as to protect Arkansas consumers from unlicensed lending activity by the Respondents.

OPINION

The licensing provision of the Fair Mortgage Lending Act are integral to the effectiveness of the regulatory scheme set forth therein. They help assure that those who deal with consumers are legitimate and meet certain qualifications designed to protect the public. Failure to abide by these provisions, as well as the falsification of statements filed with the Department, are serious offenses that present a very real and present danger to consumers. Such activities warrant immediate actions to ensure that they do not continue.

ORDER

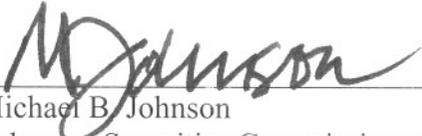
IT IS HEREBY ORDERED that the loan officer license of BETTY KITCHEN is summarily suspended, effective immediately; A FREEDOM TEAM MORTGAGE COMPANY, INC., a/k/a A~FREEDOM TEAM MORTGAGE COMPANY, INC., a/k/a aftmortgage.net; BETTY KITCHEN; MARK LEAMON THOMAS; and TRENT DODDS are hereby ordered to **CEASE AND DESIST** from all mortgage loan activities in the State of Arkansas until such time as compliance with the licensing requirements of the Arkansas Fair Mortgage Lending Act has been achieved. Failure to comply with the Cease and Desist provision of this order may subject the Respondents to a civil penalty of up to twenty-five thousand dollars (\$25,000.00) per violation. Ark. Code Ann. § 23-39-514 (d)(3)(A).

IT IS FURTHER ORDERED that all pending mortgage loan applications now held by A FREEDOM TEAM MORTGAGE COMPANY, INC., a/k/a A~FREEDOM TEAM MORTGAGE COMPANY, INC., a/k/a aftmortgage.net; BETTY KITCHEN;

MARK LEAMON THOMAS; and TRENT DODDS, either involving Arkansas consumers or Arkansas property, shall immediately be transferred to a duly licensed loan officer and mortgage broker or mortgage banker, and proof of such transfer filed with the Department by Respondents within ten (10) days of the receipt of this Order.

A FREEDOM TEAM MORTGAGE COMPANY, INC., a/k/a A~FREEDOM TEAM MORTGAGE COMPANY, INC., a/k/a aftmortgage.net; BETTY KITCHEN; MARK LEAMON THOMAS; and TRENT DODDS, may request a hearing before the Commissioner in accordance with Ark. Code Ann. § 23-39-514. Any request for a hearing must be made in writing and delivered to the Commissioner within thirty (30) days from the date on which notice of the order is sent by the Commissioner to the addresses mentioned above by first class mail, postage prepaid. If the respondents do not request a hearing and the Commissioner does not order a hearing, the order will remain in effect until it is modified or vacated by the Commissioner.

WITNESS MY HAND AND SEAL this 20 day of September 2006.



Michael B. Johnson
Arkansas Securities Commissioner