

**STATE OF ARKANSAS  
SECURITIES DEPARTMENT**

**IN THE MATTER OF**

**ORDER NO. C-07-011-07-CD01**

**LICENSE NO. 11677**

**AMERICAN FINANCIAL PRODUCTS, Ltd.**

**RESPONDENT**

**ORDER SUSPENDING LICENSE**

On this date before the Arkansas Securities Commissioner (hereinafter referred to as the "Commissioner") is the matter of the above referenced firm (hereinafter referred to as "Respondent"), and the issue of its compliance with the Arkansas Fair Mortgage Lending Act (hereinafter referred to as the "FMLA"). Securities Department Staff (hereinafter referred to as the "Staff") allege that Respondent has failed to comply with the surety bonding requirements and payment of accrued late fees of the FMLA. Based upon the records on file with the Commissioner, and the representations of Staff, the Commissioner finds:

**FINDINGS OF FACT**

1. The FMLA became effective on January 1, 2004. A requirement of the FMLA includes maintenance of a surety bond at the Arkansas Securities Department (hereinafter referred to as "Department") of fifty thousand dollars (\$50,000.00) in the case of mortgage brokerage firms, and one-hundred thousand dollars (\$100,000) in the case of mortgage banking and mortgage servicing firms.

2. The files on record with the Commissioner reflect that Respondent is a licensed mortgage broker. The surety bond on file (LLI-1119416) in the amount of fifty thousand dollars (\$50,000.00) was cancelled effective February 8, 2007.
3. A requirement of the FMLA includes each loan officer wishing to renew a license shall file an application with the Commissioner no later than sixty (60) days prior to the expiration date of the license. Failure to timely file a renewal application by a licensed loan officer shall subject the loan officer to a late fee of fifty dollars (\$50.00).
4. Respondent has been provided by the Staff with adequate and sufficient notice of the impending cancellation of the surety bond.
5. Respondent has been provided with adequate and sufficient notice of the Staff's intent to seek suspension of its license due to its failure to comply with the surety bonding requirement.

#### **APPLICABLE CODE PROVISIONS**

6. Ark. Code Ann. § 23-39-505 (f) (1) provides that each mortgage broker shall post a surety bond in the amount of fifty thousand dollars (\$50,000.00).
7. Ark. Code Ann. § 23-39-506 (c) (1) – (2) provides that each licensed loan officer wishing to renew a license shall file an application with the Commissioner in the form prescribed by the Commissioner no later than sixty (60) days prior to the expiration date of the license and pay an annual renewal fee of fifty dollars (\$50.00).

8. Ark. Code Ann. § 23-39-506 (d) provides that the failure of a loan officer to timely file a renewal application shall subject the loan officer to a late fee of fifty dollars (\$50.00).
9. Ark. Code Ann. § 23-39-506 (e) (3) provides that the Commissioner shall not reissue any license for which a late fee has accrued as a result of a person's failure to timely file a renewal application unless the late fee has been paid or waived by the Commissioner for good cause shown.
10. Ark. Code Ann. § 23-39-514 provides that the Commissioner is charged with the duty of issuing licenses for mortgage brokers under the FMLA and regulating the conduct of such persons.
11. Ark. Code Ann. § 23-39-514 (c) (1) provides that the Commissioner may, by order, summarily postpone or suspend the license of a licensee pending final determination of any proceeding under this section.

### **CONCLUSIONS OF LAW**

12. This matter has been properly brought before the Commissioner.
13. Respondent is a licensed mortgage broker with the Department. Respondent is required to maintain a surety bond in the amount of fifty thousand dollars (\$50,000.00) at all times. Ark. Code Ann. § 23-39-505 (f) (1).
14. Respondent's previous surety bond on file with the Commissioner expired as of February 8, 2007. Respondent has not provided a new surety bond or written confirmation that the surety bond on file has been reinstated.

15. Respondent's licensed loan officer, Steven Chancey, filed an untimely renewal application for 2006 and incurred a late fee. Invoice No. 37346 in the amount of fifty dollars (\$50.00) remains unpaid.
16. The Commissioner is authorized to suspend the license of a licensee who has violated or failed to comply with any provision of the FMLA. Ark. Code Ann. § 23-39-514 (c) (1).
17. The Commissioner shall not reissue any license for which a late fee has accrued as a result of a person's failure to timely file a renewal application unless the late fee has been paid or waived for good cause shown.

### **ORDER**

IT IS HEREBY ORDERED that the license of the Respondent is hereby suspended, effective immediately, until such time as Respondent has complied with the surety bonding requirement of the FMLA. Respondent is hereby ordered to Cease and Desist from all mortgage loan servicing activities in Arkansas until such time as compliance with the surety bonding requirement of the FMLA is achieved. Failure to comply with the Cease and Desist provision of this order could subject the Respondent 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).

All licenses associated with Respondent are also hereby suspended, including branch office(s) and loan officer(s). The loan officer license of Steven Chancey will not be reinstated until such time as Invoice No. 37346 is paid.

Respondent 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 9<sup>th</sup> DAY OF April, 2007.

  
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Michael B. Johnson  
ARKANSAS SECURITIES COMMISSIONER