

1 ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

2 In the Matter of the Mortgage Banker License
3 Renewal Application of:

No. 07F-BD026-BNK

4 **AMERICAN FINANCIAL RESOURCES**
5 **INCORPORATED**
6 3770 N. 7th Street
7 Phoenix, AZ 85014

CONSENT ORDER

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Petitioner.

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9 On October 12, 2006, the Arizona Department of Financial Institutions ("Department")
10 issued a Notice of Hearing to determine whether grounds exist to deny the mortgage banker license
11 renewal application of Petitioner. Wishing to resolve this matter in lieu of an administrative hearing,
12 Petitioner does not contest the following Findings of Fact and Conclusions of Law, and consents to
13 the entry of the following Order.

14 FINDINGS OF FACT

- 15 1. Petitioner American Financial Resources Incorporated ("AFR") is an Arizona
16 corporation.
- 17 2. Gary Huntoon is the President of AFR.
- 18 3. AFR is licensed by the Department to transact business in Arizona as a mortgage
19 banker, license number BK 00014268.
- 20 4. On March 6, 2006, AFR filed a Mortgage Banker License Renewal Application (the
21 "Renewal Application") with the Department.
- 22 5. On September 5, 2006, the Department denied the Renewal Application submitted by
23 AFR, pursuant to A.R.S. §§ 6-945(A)(1), (2) and (7); and 6-943(B) and (C)(3)(b). The denial is
24 based upon, but not limited to the following:
- 25 a. AFR had a negative net worth of \$506,590 as of December 31, 2005, according
26 to the Independent Auditor's Report completed by Addison and Addison.

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- b. Question number 8 of the Renewal Application states, "Has the licensee (NOT THE PARENT OR ANY SUBSIDIARIES) maintained the statutory minimum net worth requirement at all times over the past 12 months?" AFR answered "Yes" to question number 8. The Renewal Application was signed by Jamie Korus, Vice President, and notarized by Veronica E. Bruner on March 3, 2006.
- c. On May 1, 2006, the Department commenced an examination of AFR's books and records, and determined that AFR violated A.R.S. §§ 6-943(O) and 6-947(A).

6. On September 19, 2006, the Department received a request for hearing from AFR to appeal the Department's denial of its Mortgage Banker License Renewal Application.

CONCLUSIONS OF LAW

1. Pursuant to A.R.S. §§ 6-941, *et seq.*, the Superintendent has the authority and duty to regulate all persons engaged in the mortgage broker business and with the enforcement of statutes, rules, and regulations relating to mortgage brokers.

2. Pursuant to A.R.S. § 6-945(A)(1), the Superintendent may deny a license to a person if the Superintendent finds that an applicant is insolvent as defined in A.R.S. § 47-1201.

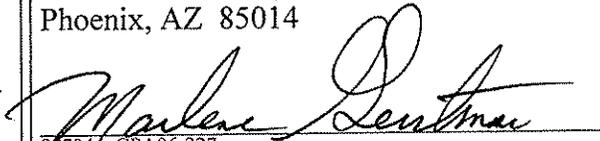
3. Petitioner's conduct, as described above, constitutes failure to maintain a minimum net worth in violation of A.R.S. §§ 6-943(B) and (C)(5).

4. Pursuant to A.R.S. § 6-945(A)(2), the Superintendent may deny a license to a person if the Superintendent finds that an applicant has shown that he is not a person of honesty, truthfulness and good character.

5. Petitioner's conduct, as described above, constitutes a failure to show that applicant is a person of honesty, truthfulness and good character.

6. Pursuant to A.R.S. § 6-905(A)(7), the Superintendent may deny a license to a person if the Superintendent finds that an applicant has violated any applicable law, rule or order.

1 Rachel A. Smith
EVP/Responsible Individual
2 American Financial Resources Incorporated
3770 N. 7th Street, Suite 100
3 Phoenix, AZ 85014

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State Banking Department

State of Arizona

NOV 17 2006

BK - 0014268

This document is evidence that:

AMERICAN FINANCIAL RESOURCES INCORPORATED has complied with the provisions of Title 6, Chapter 9, Article 2, Arizona Revised Statutes, relating to the establishment and operation of a:

Mortgage Banker,

And that the Superintendent of Banks of the State of Arizona has granted

AMERICAN FINANCIAL RESOURCES INCORPORATED

this license to transact the business of a Mortgage Banker as:

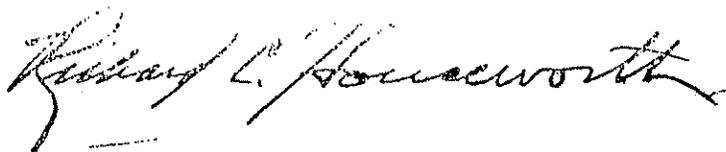
AMERICAN FINANCIAL RESOURCES INCORPORATED

at:

SUITE 100
3770 N. 7TH STREET
PHOENIX, AZ 85014

This license is subject to the laws of Arizona and will remain in full force and effect until surrendered, revoked or suspended as provided by law.

Signed in the Superintendent's office at 2910 North 44th Street, Suite 310, in the City of Phoenix, State of Arizona, this 27th day of July, 2000.



Richard C. Houseworth
Superintendent of Banks

Responsible Individual: RACHELLE A. SMITH

