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DEPT. OF FINANCIAL
INSTITUTIONS

ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

In the Matter of the Revocation of the Mortgage
Broker License of:

No. 09F-BD031-BNK

CONSENT ORDER

**ARIZONA DISCOUNT MORTGAGE, LLC
AND MICHAEL T. RILEY,
OWNER/RESPONSIBLE INDIVIDUAL**
629 North Sarival Avenue
Goodyear, Arizona 85338

Respondents.

On October 14, 2008, the Arizona Department of Financial Institutions ("Department") issued a Notice of Hearing and Complaint, alleging that Respondents had violated Arizona law. Wishing to resolve this matter in lieu of an administrative hearing, Respondents consent to the following Findings of Fact and Conclusions of Law, and consent to the entry of the following Order.

FINDINGS OF FACT

1. Respondent Arizona Discount Mortgage, LLC ("ADM") is an Arizona limited liability company, authorized to transact business in Arizona as a mortgage broker, license number MB 0908156, within the meaning of A.R.S. §§ 6-901, *et seq.* The nature of ADM's business is that of making, negotiating, or offering to make or negotiate loans secured by Arizona real property within the meaning of A.R.S. § 6-901(6).

2. Respondent Michael T. Riley ("Mr. Riley") is the Owner and Responsible Individual of ADM. Mr. Riley is authorized to transact business in Arizona as a mortgage broker within the meaning of A.R.S. § 6-903(E).

3. A March 4, 2008 examination of ADM was scheduled by the Department. However, Respondents refused to allow the examination of ADM to occur, specifically:

- a. On Monday, February 25, 2008, the Department mailed a notice to ADM's Responsible Individual, Mr. Riley, informing him that a statutory compliance examination was scheduled for Tuesday, March 4, 2008 at 9:30 a.m.;

- 1 b. During a telephone conversation on or about Thursday, March 6, 2008 with the
2 examiner in charge of said examination, Mr. Riley informed the examiner that he
3 intended to shred all records related to ADM's mortgage broker business; and
4 c. During a telephone conversation with the examiner on Tuesday, April 29, 2008, Mr.
5 Riley confirmed "every single document that had to do with Arizona Discount
6 Mortgage, LLC was shredded." Mr. Riley further confirmed that he "shredded the
7 documents on the day [the Department] scheduled the exam."

8 4. A review of Respondents' documents and records already in the Department's possession
9 revealed that ADM and Mr. Riley:

10 a. Failed to maintain a complete organizational file, specifically:

- 11 i. Respondents failed to provide a complete organizational file including: (a)
12 Organizational documents for the entity; (b) Minutes; (c) A record, such as a
13 stock or ownership transfer ledger, showing ownership of all proportional
14 equity interests in the licensee, ascertainable as of any given records date; and
15 (d) Annual report, if required by law, because Mr. Riley destroyed all
16 mortgage broker business records upon notice of examination;

17 b. Issued false, misleading and/or deceptive advertisements/solicitations and failed to
18 include the required disclosures within regulated advertising, specifically:

- 19 i. Respondents published a payment schedule comparing estimates of "old"
20 payments, based on an interest rate of six and one half percent (6.50%) to an
21 estimated "new" payment based on an interest rate of one percent (1.00%),
22 specifically:

- 23 1. The payment schedule includes a column that demonstrates an
24 estimated "savings" the borrowers may achieve if they refinance out of
25 their current mortgages into the program offering the "new" payment;
26 2. The "new" payments are referring to a Pay Option Adjustable Rate

1 Mortgage (“ARM”) program;

2 3. In this case, the “savings” between the 6.50% “old” payment and the
3 1.00% “new” payment is deferred principal and interest which is
4 added to the outstanding mortgage loan balance; and

5 4. The word “savings” is false and deceptive because the proposed
6 “savings” are added to the mortgage loan amount, and the borrower
7 remains obligated to pay the falsely purported “savings.” The
8 advertisement misleads prospective borrowers into believing they will
9 save money by refinancing their mortgages into a Pay Option ARM,
10 which will only delay payment of the full monthly installment to a
11 later date; and

12 ii. Respondents failed to disclose the following items, as applicable under
13 Regulation Z:

14 1. The amount or percentage of the down payment;

15 2. The terms of the repayment; and

16 3. The Annual Percentage Rate (“APR”) associated with “new” payments
17 listed on the advertisement;

18 c. Failed to maintain samples of every piece of advertising relating to the mortgage
19 broker’s business in Arizona, specifically:

20 i. Respondents failed to provide samples of advertising/solicitations because Mr.
21 Riley destroyed all mortgage broker business records upon notice of the
22 examination;

23 d. Failed to maintain correct and complete records, specifically:

24 i. Respondents, upon notice of examination, shredded all records, demonstrating
25 a gross failure to maintain those records as mandated;

26 e. Failed to maintain a complete record of monies received, specifically:

1 i. Respondents failed to provide a record of all monies received in connection
2 with a mortgage loan, including: (a) Payor's name; (b) Date received; (c)
3 Amount; and (d) Receipt's purpose, including identification of related loan, if
4 any, because Mr. Riley destroyed all mortgage broker business records upon
5 notice of examination;

6 f. Failed to maintain a complete listing of checks written, specifically:

7 i. Respondents failed to provide a listing of checks written, including: (a)
8 Payee's name; (b) Amount; (c) Date; and (d) Payment's purpose, including
9 identification of a related loan, if any, because Mr. Riley destroyed all
10 mortgage broker business records upon notice of the examination;

11 g. Failed to maintain bank account activity source documents, specifically:

12 i. Respondents failed to provide bank activity source documents, including
13 receipted deposit tickets, numbered receipts for cash, bank account statements,
14 paid checks, and bank advices, because Mr. Riley destroyed all mortgage
15 broker business records upon notice of the examination;

16 h. Failed to update and reconcile records, specifically:

17 i. Respondents failed to provide evidence that they update and reconcile records,
18 monthly or quarterly, because Mr. Riley destroyed all mortgage broker
19 records upon notice of the examination;

20 i. Failed to maintain records for the prescribed statutory period, specifically:

21 i. Respondents failed to provide evidence demonstrating records are maintained
22 for the required two (2) or five (5) year statutorily mandated retention period;

23 j. Failed to maintain originals or copies of loan transactions, specifically:

24 i. Respondents failed to provide originals or copies of mortgage loan transaction
25 files because Mr. Riley destroyed all records related to mortgage broker
26 business;

- 1 k. Allowed borrowers to sign regulated documents containing blank spaces, specifically:
- 2 i. Five (5) initial Truth in Lending Disclosure (“TIL”) statements were signed in
- 3 blank;
- 4 ii. One (1) Disclosure Notice form was signed in blank;
- 5 iii. One (1) Equal Credit Opportunity Act form was signed in blank;
- 6 iv. One (1) Notice to Applicant of Right to Receive Copy of Appraisal Report
- 7 form was signed in blank; and
- 8 v. Two (2) Request for Copy of Tax Return forms (4506) were signed in blank;
- 9 l. Failed to comply with the disclosure requirements of Title I of the Consumer Credit
- 10 Protection Act (15 U.S.C. §§ 1601 through 1666j), the Real Estate Settlement
- 11 Procedures Act (12 U.S.C. §§ 2601 through 2617), and the regulations promulgated
- 12 under these acts, specifically:
- 13 i. Four (4) initial TIL Disclosure statements were signed in blank;
- 14 ii. Two (2) Request for Copy of Tax Return forms (4506) were signed in blank;
- 15 iii. Two (2) initial TIL Disclosure statements fail to properly acknowledge the
- 16 variable rate feature;
- 17 iv. The APR on four (4) initial TIL disclosures was miscalculated; and
- 18 v. Two (2) Good Faith Estimates falsely state a Yield Spread Premium of 0-
- 19 3.0%; however, Respondents collected a greater Yield Spread Premium than
- 20 that disclosed;
- 21 m. Used a disclosure in conflict with Arizona law, specifically:
- 22 i. Respondents used a disclosure entitled “Notice of Right to Receive an
- 23 Appraisal Report” that includes a 90-day limit on the amount of time an
- 24 applicant may request the appraisal;
- 25 n. Made false promises, misrepresentations and/or concealed essential or material facts
- 26 in the course of the mortgage broker business, specifically:

1 i. Respondents published a payment schedule comparing estimates of “old”
2 payments, based on an interest rate of 6.50% to an estimated “new” payment
3 based on an interest rate of 1.00%, specifically:

4 1. The payment schedule includes a column that demonstrates an
5 estimated “savings” the borrower may achieve if they refinance out of
6 their current mortgage into the program offering the “new” payment;

7 2. The “new” payments are referring to a Pay Option ARM program,
8 which includes an option to pay only one percent (1.00%) of the
9 principal amount, and defer the remainder of the full principal and
10 interest payment;

11 3. In this case, the “savings” between the 6.50% “old” payment and the
12 1.00% “new” payment is deferred principal and interest which is
13 added to the outstanding mortgage loan balance; and

14 4. The word “savings” is false and deceptive because the proposed
15 “savings” is added to the mortgage loan amount, and the borrower
16 remains obligated to pay it. The advertisement misleads perspective
17 borrowers into believing they will save money by refinancing their
18 mortgage into a Pay Option ARM. The borrower will only delay
19 payment of the remainder of their full monthly installment to a later
20 date;

21 ii. Respondents circulated an advertisement in the Arizona Republic that
22 contained the statement, “Refinance NOW, and you can SKIP the next 4
23 PAYMENTS!” which the Department received several complaints about,
24 specifically:

25 1. According to Complaint #4012120, Respondents told the
26 Complainants the “skip the next 4 payments” feature only applied to

1 refinancing owner-occupied properties;

2 a. Respondents deceptively omitted the material fact from the
3 advertisement that the “skip the next 4 payments” feature only
4 applied to refinancing owner-occupied properties; and

5 2. According to Complaint #4012055, the Complainant refinanced an
6 owner-occupied property and, regardless, Respondents breached their
7 commitment to arrange for the Complainant to skip his next four (4)
8 mortgage payments. Once the Department processed the Complaint,
9 Respondents agreed to pay the Complainant’s four (4) mortgage
10 payments;

11 a. Respondents improperly made a false promise to the borrower to
12 skip four (4) mortgage payments and only satisfied their promise
13 upon the Department’s involvement; and

14 iii. Respondents originated Pay Option ARM loans for elderly borrowers as
15 described below. The same loan officer originated the mortgage loans for the
16 following three borrowers:

17 1. Complaint #4011715, received by the Department on March 29, 2007:

18 a. According to an interview conducted with this Complainant, the
19 loan officer presented a mortgage program to the Complainant and
20 misrepresented and/or concealed the actual payments and terms of
21 that mortgage program;

22 b. The loan officer delivered a TIL Disclosure dated July 31, 2006 to
23 the Complainant, which demonstrated false promises of low
24 monthly mortgage payments;

25 c. Under the Respondents’ payment schedule, which reflects the
26 minimum payment option, the unpaid principal and interest will be

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- deferred and added to the original principal amount and subsequently increase the unpaid principal amount;
- d. The Complainant stated that the loan officer did not disclose that deferred principal and interest would be added to the original mortgage principal amount;
 - e. When the unpaid principal balance reaches one hundred fifteen percent (115%) of the original principal amount, the Complainant becomes ineligible for the minimum payment option;
 - f. Following the forty-eighth (48th) month, the Complainant's monthly mortgage payment increases from eight hundred ninety nine dollars (\$899.00) to one thousand, eight hundred forty eight dollars (\$1,848.00) as a result of the 115% feature concealed by the loan officer;
 - g. The TIL Disclosure provided to the Complainant by the loan officer falsely states that the Complainant will have a monthly mortgage payment of nine hundred sixty six dollars and forty four cents (\$966.44) during the fifth year of the mortgage;
 - h. Respondents grossly misrepresented the payment amounts to the Complainant and falsely promised the Complainant low minimum monthly payments for a greater period than the Pay Option ARM program will actually permit; and
 - i. In addition, the total months included in Respondents' payment schedule on the TIL Disclosure is sixty (60) months, or five (5) years. Respondents omitted the last three hundred (300) payments from the payment schedule on the TIL they issued to the Complainant, concealing the full principal and interest the

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Complainant would be obligated to pay every month after the first sixty months;

2. Complaint #4011794, received by the Department on April 9, 2007:

- a. According to an interview conducted with these Complainants in June 2007, the loan officer presented a mortgage program to the Complainants and misrepresented and/or concealed the actual payments and terms of that mortgage program;
- b. The loan officer delivered a TIL Disclosure dated November 9, 2006 to the Complainants, which falsely promised exorbitantly low monthly mortgage payments;
- c. Under Respondents' payment schedule, which reflects the minimum payment option, the unpaid principal and interest will be deferred and added to the original principal amount and subsequently increase the unpaid principal amount;
- d. The Complainants stated that loan officer placed a great deal of emphasis on the low monthly payment as benefit of the Pay Option ARM program;
- e. The following illustrates the gross deficiency between the payment schedule Respondents falsely promised and the actual payment schedule generated by the lender:

i. Respondents' Payment Schedule:

- 1. 12 Monthly payments of \$328.48;
- 2. 12 Monthly payments of \$353.11;
- 3. 12 Monthly payments of \$379.60;
- 4. 12 Monthly payments of \$408.07; and
- 5. 12 Monthly payments of \$438.67;

1 ii. Lender's Payment Schedule:

- 2 1. 12 Monthly payments of \$324.29;
3 2. 12 Monthly payments of \$348.61;
4 3. 11 Monthly payments of \$374.76;
5 4. 324 Monthly payments of \$906.48; and
6 5. 1 Monthly payment of \$901.35;

7 f. According to the TIL Disclosure generated by the lender, the
8 Complainants' monthly mortgage payment increases significantly
9 after the thirty-fifth (35th) monthly payment;

10 g. Respondents' TIL Disclosure clearly represents a schedule wherein
11 the Complainants will be eligible for an extremely low monthly
12 mortgage payment for sixty (60) months;

13 h. Respondents grossly misrepresented the payment amounts to the
14 Complainants and falsely promised them low minimum monthly
15 payments for a greater duration than the Pay Option ARM program
16 will actually permit;

17 i. The total months included in Respondents' payment schedule on
18 the TIL Disclosure is sixty (60) months or five (5) years; and

19 j. Respondents omitted the remaining three hundred (300) payments,
20 or twenty five (25) years, from the payment schedule on the TIL
21 Disclosure issued to the Complainants, concealing the full
22 principal and interest the Complainants would be obligated to pay
23 every month after the first sixty (60) months; and

24 3. Complaint #4012120, received by the Department on June 7, 2007:

25 a. According to an interview conducted with these Complainants in
26 June 2007, the loan officer presented a mortgage program to the

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Complainants and misrepresented and/or concealed the actual payments and terms of that mortgage program;

- b. The loan officer delivered a mortgage loan disclosure dated January 16, 2007 to the Complainants, which falsely promised exorbitantly low monthly mortgage payments;
- c. The Complainants stated the loan officer did not disclose that deferred principal and interest would be added to the original mortgage principal amount;
- d. The following illustrates the gross deficiency between the payment schedule Respondents promised and the actual payment schedule generated by the lender:

i. Respondents' Payment Schedule:

- 1. 12 Monthly payments of \$337.72;
- 2. 12 Monthly payments of \$363.05;
- 3. 12 Monthly payments of \$390.18;
- 4. 12 Monthly payments of \$419.02;
- 5. 12 Monthly payments of \$451.02; and
- 6. 300 Monthly payments of \$754.69;

ii. Lender's Payment Schedule:

- 1. 12 Monthly payments of \$410.83;
- 2. 12 Monthly payments of \$441.64;
- 3. 7 Monthly payments of \$474.77; and
- 4. 329 Monthly payments of \$1,164.40;

- e. According to the disclosure generated by the lender, the Complainants' monthly mortgage payment increases significantly after the thirty-first (31st) monthly payment;

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f. Respondents' disclosure clearly represents a schedule wherein the Complainants will be eligible for an extremely low payment for sixty (60) months; and

g. Respondents grossly misrepresented the payment amounts to the Complainants and falsely promised low minimum monthly payments for a greater duration than the Pay Option ARM will actually permit;

o. Engaged in illegal or improper business practices, specifically:

i. Respondents engaged in a practice of improperly notarizing mortgage loan documents, specifically:

1. Complaint #4012120, received by the Department on June 7, 2007:

a. According to a written statement by the Complainants, dated July 28, 2007, they were not present when the notary notarized the mortgage loan closing documents;

b. According to a letter from the Office of the Secretary of State, dated December 6, 2007, the notary admits that the Complainants were not present when the mortgage loan closing documents were notarized; and

c. The Office of the Secretary of State revoked the notary's public commission;

2. Complaint #4011715, received by the Department on March 28, 2007:

a. According to a written statement by the Complainant, the notary was not present when the mortgage loan closing documents were notarized; and

3. Complaint #4011794, received by the Department on April 9, 2007:

a. According to a written statement by the Complainants, the notary

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was not present when they signed the mortgage loan closing documents; and

b. According to an interview conducted with one of the Complainants on May 27, 2008, the notary was not present when the Complainants signed the mortgage loan closing documents;

ii. Respondents engaged in a practice of steering borrowers into Pay Option ARM programs by misrepresenting the payment terms, specifically:

1. During an interview, one (1) of Respondents' loan officers and Mr. Riley stated they steered borrowers into refinancing into Pay Option ARMs because the Yield Spread Premiums were much higher; and

2. Various complaints received by the Department, described above, demonstrate Respondents' pattern of improperly and deceptively placing borrowers into Pay Option ARM programs; and

p. Failed to furnish information to the Department within a reasonable time, specifically:

i. On Monday, February 25, 2008, the Department mailed a notice to Mr. Riley informing him that a statutory compliance examination was scheduled for Tuesday, March 4, 2008 at 9:30 a.m.;

ii. A comprehensive list of books and records to be furnished to the examiner was enclosed in the notice mailed to Mr. Riley;

iii. During a telephone conversation with the examiner in charge on or about Thursday March 6, 2008, Mr. Riley stated that he intended to shred all records related to the mortgage broker business of ADM;

iv. During a telephone conversation with the examiner on Tuesday April 29, 2008, Mr. Riley confirmed "every single document that had to do with Arizona Discount Mortgage, LLC was shredded." Mr. Riley further confirmed he "shredded the documents on the day [the Department] scheduled the

1 exam”; and

2 v. As of the date of this Report of Examination, none of the books and records
3 requested by the examiner have been provided for review.

4 5. On March 4, 2008, the Department received correspondence from Mr. Riley informing
5 the Department ADM would be closing, effective immediately.

6 6. On May 1, 2008, the Department sent a letter to Mr. Riley via certified mail stating, in
7 part, “Your returning your license does not terminate the Department’s jurisdiction to investigate any
8 mortgage broker activity”. The letter informed Mr. Riley that the Department “may take regulatory
9 action if warranted by the investigation.” The return receipt was never returned to the Department.

10 **CONCLUSIONS OF LAW**

11 1. Pursuant to A.R.S. §§ 6-901, *et seq.*, the Superintendent has the authority and duty to
12 regulate all persons engaged in the mortgage broker business and with the enforcement of statutes,
13 rules, and regulations relating to mortgage brokers.

14 2. By the conduct set forth in the Complaint, Arizona Discount Mortgage, LLC and Mr.
15 Riley violated the following:

- 16 a. A.A.C. R20-4-917(B)(9), by failing to maintain a complete organizational file;
- 17 b. A.R.S. §§ 6-909(C) and 6-906(D), by issuing false, misleading and/or deceptive
18 advertisements/solicitations and failing to include the required disclosures within
19 regulated advertising;
- 20 c. A.A.C. R20-4-917(B)(7), by failing to maintain samples of every piece of advertising
21 relating to the mortgage broker’s business in Arizona;
- 22 d. A.R.S. § 6-906(A) and A.A.C. R20-4-917(B), by failing to maintain correct and
23 complete records;
- 24 e. A.A.C. R20-4-917(B)(2), by failing to maintain a complete record of monies
25 received;
- 26 f. A.A.C. R20-4-917(B)(3), by failing to maintain a complete listing of checks written;

- 1 g. A.A.C. R20-4-917(B)(4), by failing to maintain bank account activity source
- 2 documents;
- 3 h. A.A.C. R20-4-917(C), by failing to update and reconcile records;
- 4 i. A.A.C. R20-4-917(D) and A.A.C. R20-4-917(E), by failing to maintain records for
- 5 the prescribed statutory period;
- 6 j. A.R.S. § 6-906(A) and A.A.C. R20-4-917(B)(6), by failing to maintain originals of
- 7 copies of loan transactions;
- 8 k. A.R.S. § 6-909(A) and A.A.C. R20-4-921, by allowing borrowers to sign regulated
- 9 documents containing blank spaces;
- 10 l. A.R.S. § 6-906(D) and A.A.C. R20-4-917(B)(6)(e), by failing to comply with the
- 11 disclosure requirements of Title I of the Consumer Credit Protection Act (15 U.S.C.
- 12 §§ 1601 through 1666j), the Real Estate Settlement Procedures Act (12 U.S.C. §§
- 13 2601 through 2617), and the regulations promulgated under these acts;
- 14 m. A.R.S. § 6-906(C), by using a disclosure in conflict with Arizona law;
- 15 n. A.R.S. § 6-909(L), by making false promises, misrepresentations and/or concealing
- 16 essential or material facts in the course of the mortgage broker business;
- 17 o. A.R.S. § 6-909(N), by engaging in illegal or improper business practices; and
- 18 p. A.R.S. § 6-124(C), by failing to furnish information to the Department within a
- 19 reasonable time.

20 3. The violations of applicable laws, set forth above, constitute grounds to suspend or
21 revoke ADM's and Mr. Riley's mortgage broker license, number MB 0908156, pursuant to A.R.S. §
22 6-905(A).

23 4. Respondents refused to permit an examination by the Department of ADM's books
24 and affairs, which is a violation of A.R.S. § 6-124(C) and constitutes grounds for the suspension or
25 revocation of ADM's mortgage broker license pursuant to A.R.S. § 6-905(A)(4).

26 5. Respondents made false promises and misrepresented or concealed essential or

1 material facts in the course of the mortgage broker business by concealing material facts and making
2 misrepresentations regarding Pay Option ARM programs and making false promises in
3 advertisements, which are violations of A.R.S. § 6-909(L) and constitute grounds for the suspension
4 or revocation of ADM's mortgage broker license pursuant to A.R.S. § 6-905(A)(3).

5 6. Respondents engaged in a practice of improperly notarizing mortgage loan
6 documents, thereby engaging in illegal or improper business practices, which is a violation of A.R.S.
7 § 6-909(N) and constitutes grounds for the suspension or revocation of ADM's mortgage broker
8 license pursuant to A.R.S. § 6-905(A)(3).

9 7. Respondents failed to furnish information to the Department within a reasonable time,
10 which is a violation of A.R.S. § 6-124(C) and constitutes grounds for the suspension or revocation of
11 ADM's mortgage broker license pursuant to A.R.S. § 6-905(A)(4).

12 8. The violations, set forth above, constitute grounds for the pursuit of any other remedy
13 necessary or proper for the enforcement of statutes and rules regulating mortgage brokers in Arizona
14 pursuant to A.R.S. §§ 6-123 and 6-131.

15 9. Pursuant to A.R.S. § 6-132, Respondents' violations of the aforementioned statutes
16 are grounds for a civil penalty of not more than five thousand dollars (\$5,000.00) for each violation
17 for each day.

18 10. Pursuant to A.R.S. § 6-125(B)(4), Respondents shall be assessed an examination fee
19 of two thousand, six hundred dollars (\$2,600.00) pursuant to A.R.S. § 6-122(B)(3)

20 **ORDER**

21 1. Mortgage Broker License, Number MB 0908156, issued in the name of Arizona Discount
22 Mortgage, LLC, is hereby immediately revoked, and shall immediately be surrendered to the
23 Department upon execution of this Consent Order.

24 2. Arizona Discount Mortgage, LLC and Michael T. Riley shall pay the Department the
25 examination fee in the sum of two thousand, six hundred dollars (\$2,600.00). Arizona Discount
26 Mortgage, LLC and Michael T. Riley shall be jointly and severally liable for the payment of the

1 examination fee. Arizona Discount Mortgage, LLC and Michael T. Riley shall pay the Department,
2 upon execution of this Order, **eight hundred sixty six dollars (\$866.00)**. Arizona Discount
3 Mortgage, LLC and Michael T. Riley shall pay the Department on December 31, 2008 a second
4 payment of **eight hundred sixty six dollars (\$866.00)**. And Arizona Discount Mortgage, LLC and
5 Michael T. Riley shall pay the Department on February 16, 2009 a third payment of **eight hundred**
6 **sixty eight dollars (\$868.00)**.

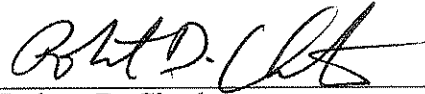
7 3. The provisions of this Order shall be binding upon Arizona Discount Mortgage, LLC and
8 Michael T. Riley, and resolves the Notice of Hearing, subject to Respondents' compliance with the
9 requirements of this Order. Should Respondents fail to comply with this Order, the Superintendent
10 shall initiate further disciplinary proceedings.

11 4. The provisions of this Order shall be binding upon Respondents, their employees, agents,
12 and other persons participating in the conduct of the affairs of Arizona Discount Mortgage, LLC.

13 5. This Order shall become effective upon service, and shall remain effective and
14 enforceable until such time as, and except to the extent that, it shall be stayed, modified, terminated,
15 or set aside.

16 SO ORDERED this 17 day of November, 2008.

17 Felecia A. Rotellini
18 Superintendent of Financial Institutions

19 By 
20 Robert D. Charlton
21 Assistant Superintendent of Financial Institutions

22 **CONSENT TO ENTRY OF ORDER**

23 1. Respondents acknowledge that they have been served with a copy of the foregoing
24 Findings of Fact, Conclusions of Law, and Order in the above-referenced matter, have read the
25 same, are aware of their right to an administrative hearing in this matter, and have waived the same.

26 2. Respondents admit the jurisdiction of the Superintendent and consent to the entry of the
foregoing Findings of Fact, Conclusions of Law, and Order.

1 3. Respondents states that no promise of any kind or nature has been made to induce them to
2 consent to the entry of this Order, and that they have done so voluntarily.

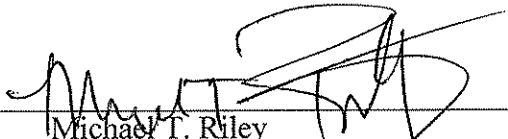
3 4. Respondents agree to cease from engaging in the violative conduct set forth above in the
4 Findings of Fact and Conclusions of Law.

5 5. Respondents acknowledge that the acceptance of this Agreement by the Superintendent is
6 solely to settle this matter and does not preclude this Department, any other agency or officer of this
7 state or subdivision thereof from instituting other proceedings as may be appropriate now or in the
8 future.

9 6. Michael T. Riley, on behalf of Arizona Discount Mortgage, LLC and himself, represents
10 that he is the Owner and Responsible Individual, and that, as such, has been authorized by Arizona
11 Discount Mortgage, LLC to consent to the entry of this Order on its behalf.

12 7. Respondents waive all rights to seek judicial review or otherwise to challenge or contest
13 the validity of this Order.

14 DATED this 17th day of NOVEMBER, 2008.

15
16 By 
17 Michael T. Riley
18 Owner and Responsible Individual
19 Arizona Discount Mortgage, LLC
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21

22 ORIGINAL of the foregoing filed this 17th
23 day of November, 2008, in the office of:

24 Felecia A. Rotellini
25 Superintendent of Financial Institutions
26 Arizona Department of Financial Institutions
ATTN: Susan L. Longo
2910 N. 44th Street, Suite 310
Phoenix, AZ 85018

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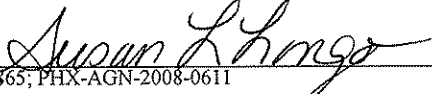
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Respondents

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