

DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
 DIVISION OF FINANCE AND CORPORATE SECURITIES
 FINANCE SECTION
 BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND
 BUSINESS SERVICES
 STATE OF OREGON

In the matter of:)	O-97-0001
)	
TOUCHSTONE MORTGAGE COMPANY)	ORDER TO CEASE AND DESIST
)	ORDER ASSESSING
)	CIVIL PENALTIES
)	AND
RESPONDENT)	CONSENT TO ENTRY
)	OF ORDER

WHEREAS the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter "Director") has conducted an investigation of Touchstone Mortgage Company and has determined that Touchstone Mortgage Company engaged in activities constituting violations of ORS 59.840 through 59.965 (hereinafter "Mortgage Lender Law"); and,

WHEREAS Touchstone Mortgage Company wishes to resolve and settle this matter and agrees to conduct all future business in compliance with the Mortgage Lender Law;

NOW THEREFORE, as evidenced by the authorized signature subscribed on this Order, Touchstone Mortgage Company hereby **CONSENTS** to entry of this Order to Cease and Desist and Order to Assess Civil Penalties upon the Director's Findings of Fact and Conclusions of Law as stated hereinafter:

FINDINGS OF FACT

The Director **FINDS** that:

1. Touchstone Mortgage Company (hereinafter

1 - Order to Cease and Desist and Assess Penalties. Consent to Entry of Order

Division of Finance and Corporate Securities
 Labor and Industries Building
 350 Winter Street NE, Suite 410
 Salem, OR 97310
 Telephone: (503) 378-4387



0500-62120

1 "Touchstone") is an Oregon corporation formed on December 6,
2 1993 with principal offices located at 10626 NE Glisan St in
3 Portland, Oregon 97220. The agent for service of process is
4 L Leslie Bush Esq, Parker & Bush Attorneys, located at 1618
5 SW First Ave, Ste 205 in Portland, Oregon 97201.

6 2. Stephen G Montani is President and sole shareholder
7 of Touchstone.

8 3. Touchstone is in the business of originating loans
9 secured by a lien interest in real estate and is a licensed
10 Mortgage Broker in the state of Oregon since January 1,
11 1994.

12 4. Jonathan Kendig (hereinafter "Kendig") is a loan
13 officer employed by Touchstone. In June of 1995 Kendig took
14 an application for a mortgage loan from an Oregon consumer.
15 The loan amount was \$37,000.00. Kendig contacted a private
16 investor and arranged for the loan to be funded by the
17 private investor who received a note and a trust deed
18 securing the loan.

19 5. In December of 1996 the investor and borrower
20 documents relating to the above described transactions were
21 examined by H James Krueger, a Compliance Officer employed
22 by the Division of Finance and Corporate Securities. In
23 addition, Kendig and Montani were interviewed regarding the
24 facts surrounding the transaction.

25 6. The investor was not provided with the disclosures
26 required pursuant to OAR 441-870-050(1) regarding the risks



1 of the investment. The file did not contain the disclosure
2 document and an acknowledgment of receipt of the disclosure
3 document required pursuant to OAR 441-865-080(1)(a) and (b)
4 respectively.

5 7. In January of 1997, Touchstone initiated new
6 procedures to ensure proper disclosure was provided to
7 private investors who fund mortgage loans.

8 8. On March 17, 1997 an examination of the books and
9 records of Touchstone was conducted by H James Krueger. As
10 a part of the examination, Montani was interviewed and he
11 acknowledged that prior to January of 1997 Touchstone had
12 not complied with the investor disclosure requirements of
13 Oregon's Administrative Rule. Montani stated that
14 Touchstone arranged an average of four or five private
15 investor loans a year.

16 **CONCLUSIONS OF LAW**

17 The Director **CONCLUDES** that at all times relevant to
18 this order:

19 1. Respondent Touchstone Mortgage Company transacted
20 the business of a mortgage broker in Oregon;

21 2. Respondent violated the disclosure provisions of
22 ORS 59.930(3) and OAR 441-870-050 on at least one occasion by
23 failing to provide disclosure of risks to an private
24 investor who funded a loan secured by a lien interest in
25 real estate.

26 //



ORDER

Now therefore the Director **ORDERS:**

1. Pursuant to the authority of ORS 59.885 Respondent Touchstone Mortgage Company shall **CEASE AND DESIST** from participating in any violation of the Oregon Mortgage Lender Law, ORS 59.840 through 59.965.

2. Pursuant to the authority of ORS 59.996 the Director **ASSESS A CIVIL PENALTY** in the amount of \$1,000.00 for violation of ORS 59.930(3).

3. The Director suspends payment of \$750.00 of the assessed civil penalty for a three year period. If in the period from the date of this Order to three years from the date of this Order, Respondent violates any provision of Oregon's Mortgage Lender Law, the suspended portion of the assessed penalty will become immediately due and payable. If no violation of Oregon's Mortgage Lender Law by Respondent occurs in the three year period, the suspended portion of the civil penalty is waived. The date of this Order is the date the Director signs the Order.

The entry of this Order in no way limits further remedies which may be available to the Director under Oregon law.

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Division of Finance and Corporate Securities
Laker and Insurance Building
350 Winter Street, NE, Suite 410
Salem, OR 97310
Telephone: (503) 378-4387



1 Dated the 13th day of MAY, 1997 at Salem, Oregon.

2 **KERRY BARNETT, DIRECTOR**
3 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**

4
5 By *Cecil Monroe*
6 **CECIL MONROE, ADMINISTRATOR**
7 **DIVISION OF FINANCE AND CORPORATE SECURITIES**

8
9 **CONSENT TO ENTRY OF ORDER**

10 I, STEPHEN G. MONTANI state that I am an officer
11 of Touchstone Mortgage Company and I am authorized to act on
12 its behalf; that I have read the foregoing Order and that I
13 know and fully understand the contents hereof; that
14 Touchstone Mortgage Company has been advised of its right to
15 be represented by counsel in this matter; that Touchstone
16 Mortgage Company admits to the factual allegations contained
17 herein and voluntarily consents to the entry of this Order
18 without further hearing without any force or duress,
19 expressly waiving any right to a hearing in this matter;
20 that Touchstone Mortgage Company understands that the
21 Director reserves the right to take further actions to
22 enforce this Order or to take appropriate action upon
23 discovery of other violations of the Oregon Mortgage Lender
24 Law and that Touchstone Mortgage Company will fully comply
25 with the terms and conditions stated herein.

26 Touchstone Mortgage Company further assures the



1 Director that it will not transact business as a mortgage
2 lender unless such activities are in full compliance with
3 ORS 59.840 through 59.965.

4 I understand that this Consent Order is a public
5 document.

6 Dated the 1st day of MAY, 1997.

7
8 By [Signature]
9 Name

10 STEPHEN G. MONTANI
11 (Typed or Printed Name)

12 CORPORATE ACKNOWLEDGMENT

13 There appeared before me this 1st day of MAY,
14 1997, STEPHEN G. MONTANI who was first duly
15 sworn on oath, and stated that he/she is the
16 PRESIDENT of Touchstone Mortgage Company, and
17 that he/she is authorized and empowered to sign this Consent
18 to Entry of Order on behalf of Touchstone Mortgage Company
19 and to bind Touchstone Mortgage Company to the terms hereof.

20
21 Janice M. Marceau
22 Notary Public in and for the state of Oregon

23
24 Janice M. Marceau
25 (Printed Name of Notary Public)

26 My commission expires 12/22/2000



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