

1 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
2 DIVISION OF FINANCE AND CORPORATE SECURITIES
3 FINANCE SECTION
4 BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
5 STATE OF OREGON

6 In the Matter of:)
7 Centerpoint Mortgage Corp.)
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Order # O-98-0031
Consent to Entry of Order
Order to Cease and Desist
Order Assessing Civil Penalties

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

WHEREAS CENTERPOINT MORTGAGE CORP. wishes to resolve and settle this matter with the Director;

NOW THEREFORE, as evidenced by the authorized signature(s) subscribed on this Order, CENTERPOINT MORTGAGE CORP. hereby CONSENTS to entry of this order upon the Director's Findings of Fact and Conclusions of Law as stated hereinafter:

FINDINGS OF FACT

The Director FINDS that:

1. On September 3, 1998 Mark and Elise Gillem (herein "Gillems") made a complaint to the Division of Finance and Corporate Securities (herein "Division") regarding the activities of Centerpoint Mortgage Corp. (herein "Respondent").
2. The Gillems alleged that Respondent had altered their note and deed of trust to include another piece of property the Gillems owned, and that a lien had been recorded against this second piece of property, which was not contemplated in the original loan application.
3. The Division contacted Respondent on September 3, 1998 to request a copy of the loan file for the Gillem transaction.
4. The loan file was received by the Division on or about September 17, 1998.

RECEIVED view of the loan file revealed that the Gillems had made application for a loan on 19115 Pumice Butte Road in Bend, Oregon (herein "19115 property")

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FISCAL SECTION

1 6. The Gillems also owned the adjacent lot, 19109 Pumice Butte Road (herein "19109
2 property"). This was listed as an address on the loan application, but was not listed as the
3 subject property address on the loan application.

4 7. The Gillem file also contained no documentation that the Gillems wished to include the
5 19109 property as collateral for the loan they were seeking.

6 8. All documentation in the file listed the 19115 property as collateral for the loan the
7 Gillems were seeking.

8 9. The Gillems signed their final loan papers in November of 1997. Prior to the deed
9 being recorded, the loan papers were altered to include the 19109 property. A lien was
10 recorded against both the 19109 property and 19115 property on December 23, 1997.

11 10. The alterations on the note were not initialed by the Gillems, nor did they consent to
12 the alterations verbally. The initials on the alteration appear to be that of Sondra Hughes,
13 a loan processor of Respondent.

14 11. Respondent had sold the loan to FirstPlus Financial. FirstPlus has reconveyed the
15 lien on the 19109 property to the Gillems.

16 12. Respondent asserts that it is unsure when and how the documents were altered.

17 **CONCLUSIONS OF LAW**

18 The Director **CONCLUDES** that:

19 1. Respondent violated ORS 59.865(14) by demonstrating negligence or incompetence in
20 performing an act for which the licensee is required to hold a license.

21 **ORDER**

22 The Director, pursuant to ORS 59.885(4) hereby **ORDERS** that Respondent will **CEASE**
23 **AND DESIST** from:

24 1. Violating any provisions of ORS 59.840 through 59.960.

25 The Director, pursuant to ORS 59.996, hereby **ORDERS** Respondent to pay the
26 State of Oregon a civil penalty of \$1000.00, for negligence in connection with an act for
27 which the licensee must hold a license.

28 The Director suspends payment of \$800.00 of the assessed civil penalty for a three

1 year period. If in the period from the date of the Order to three years from the date of this
2 Order, Respondent violates any provision of Oregon's Mortgage Lender Law, the
3 suspended portion of the assessed civil penalty will become immediately due and payable.
4 If no violation of Oregon's Mortgage Lender Law by Respondent occurs, in the three year
5 period, the suspended portion of the civil penalty is waived. The date of the Order is the
6 date the Director signs the Order.

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

9 Dated this 16th day of December, 1998 at Salem, Oregon.

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11 **MICHAEL GREENFIELD, DIRECTOR**
12 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**

13

13 by 
14 **R.M. NOCKLEBY, ADMINISTRATOR**
14 **DIVISION OF FINANCE AND CORPORATE SECURITIES**

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CONSENT TO ENTRY OF ORDER

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17 I, Alan Heneveld, state that I am the General Counsel of CENTERPOINT MORTGAGE
18 CORP., and I am authorized to act on its behalf; that I have read the foregoing Order and
19 that I know and fully understand the contents hereof; that CENTERPOINT MORTGAGE
20 CORP. has been represented by counsel in this matter; that CENTERPOINT MORTGAGE
21 CORP. has been advised of its right to a hearing; that CENTERPOINT MORTGAGE
22 CORP. admits the Findings of Fact contained herein, voluntarily consents to the entry of
23 this Order without further hearing, expressly waiving any right to a hearing in this matter;
24 that CENTERPOINT MORTGAGE CORP. understands that the Director reserves the right
25 to take further actions to enforce this Order or to take appropriate action upon discovery of
26 other violations of Oregon's Mortgage Lender Law; and that CENTERPOINT MORTGAGE
27 CORP. will fully comply with Chapter 59 of Oregon's Mortgage Lender Law.

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1 I understand that this Consent Order is a public document.

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3 Dated this 30th day of November, 1998.

4 By L. Allen Heneveld
5 (Printed Name)

General Counsel
(Office Held)

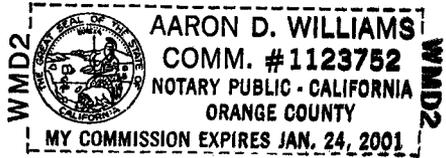
6 L. Allen Heneveld
7 (Signature)

8 **CORPORATE ACKNOWLEDGMENT**

9 There appeared before me this 2 day of DECEMBER 1998, L. ALLEN HENEVELD who
10 was first duly sworn on oath, and stated that he was and is the GENERAL COUNSEL of
11 CENTERPOINT MORTGAGE CORP. and he is authorized and empowered to sign this
12 Consent to Entry of Order on behalf of CENTERPOINT MORTGAGE CORP. and to bind
13 CENTERPOINT MORTGAGE CORP. to the terms hereof.

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15 Notary Public in and for the State of: CALIFORNIA

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17 Aara S. Hall
18 Signature of Notary Public



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21 My Commission expires: JAN 24, 2001

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