

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 Cendant Mortgage Corp.  
8 dba PHH Mortgage Services

9 #O-98-3348  
10 ORDER TO CEASE AND DESIST  
11 ORDER TO ASSESS CIVIL PENALTY  
12 CONSENT TO ENTRY OF ORDER

13 WHEREAS the Director of the Department of Consumer and Business Services has  
14 conducted an investigation of CENDANT MORTGAGE CORP. dba PHH MORTGAGE  
15 SERVICES, and has determined that CENDANT MORTGAGE CORP. dba PHH  
16 MORTGAGE SERVICES engaged in activities constituting violations of ORS 59.840  
17 through 59.965 (hereinafter "the Oregon Mortgage Lender Law"); and

18 WHEREAS CENDANT MORTGAGE CORP. dba PHH MORTGAGE SERVICES  
19 wishes to resolve and settle this matter with the Director;

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

24 FINDINGS OF FACT

25 The Director FINDS that:

- 26 1. CENDANT MORTGAGE CORP. dba PHH MORTGAGE SERVICES, hereinafter  
27 RESPONDENT, is located at 6000 Atrium Way, Mt. Laurel, NJ 08054 and is engaged in  
28 the business of a mortgage banker. Michael Guzdan is Assistant General Counsel of  
RESPONDENT and is authorized to act on behalf of RESPONDENT.
2. RESPONDENT was licensed as a mortgage banker on April 27, 1994, and is still  
actively licensed.
3. On April 24, 1998, the Division of Finance and Corporate Securities (hereinafter  
"Division") received a consumer complaint call regarding the activities of RESPONDENT.

1 The complaint was based on a transaction that took place at 2677 Willakenzie Rd. #8,  
2 Eugene, OR 97401 (hereinafter "Eugene location," where RESPONDENT rented desk  
3 space in a real estate office).

4 4. Inquiry into the Division's records revealed the Eugene location which handled the  
5 transaction about which the consumer was complaining was not a licensed branch location  
6 of RESPONDENT.

7 5. RESPONDENT was notified of the consumer complaint and that the location was not  
8 licensed to do business as a mortgage banker. RESPONDENT answered that the Eugene  
9 location had opened in October 1997. RESPONDENT provided a list of transactions  
10 handled by the location, and also volunteered that desk space had been rented at another  
11 real estate office located at 4175 SW Cedar Hills Blvd., Beaverton, OR 97005 (hereinafter  
12 "Beaverton location"). This Beaverton location had been opened in January of 1998  
13 without licensing by the Division.

14 6. RESPONDENT supplied the Division with a listing of all loan applications taken and  
15 closed at both the Eugene and the Beaverton locations.

16 7. Since opening, the Eugene location has taken 59 applications, of which 9 were closed.

17 8. Since opening, the Beaverton location has taken 41 applications, of which 18 were  
18 closed.

19 9. The applications for both the Eugene and Beaverton locations were processed by a  
20 licensed location and closed in the office of a local closing agent.

21 10. RESPONDENT denies having engaged intentionally in any activities in violation of the  
22 Oregon Mortgage Lender law. RESPONDENT maintains that the non-licensure of the both  
23 the Eugene and Beaverton branches was inadvertent, and was done by an account  
24 manager who did not know the proper procedures to licence locations. RESPONDENT  
25 further maintains that the requirement that a rented desk in a real estate office must be  
26 licensed as a branch as stated in OAR 441-860-0020 and 441-860-0030 is not clearly  
27 delineated in the law.

28 10. RESPONDENT has promptly notified the account manager responsible for Oregon of

1 the proper procedures to license branches and has taken steps to license both the Eugene  
2 and Beaverton locations with the Division.

### 3 CONCLUSIONS OF LAW

4 The Director **CONCLUDES** that:

- 5 1. The activity conducted at the Eugene and Beaverton locations by RESPONDENT  
6 constituted the activities of a branch office, as defined in OAR 441-860-0010(1).
- 7 2. RESPONDENT conducted unlicensed activity at both the Eugene and Beaverton  
8 branches in violation of ORS 59.845 and OAR 441-860-0020 and 441-860-0030.
- 9 3. RESPONDENT has remedied the violation through submission of branch applications  
10 for both the Eugene and Beaverton branches.

### 11 ORDER

12 The Director, pursuant to ORS 59.885(4) hereby **ORDERS** that RESPONDENT will  
13 **CEASE AND DESIST** from:

- 14 1. Violating any provisions of ORS 59.840 through 59.960; and
- 15 2. Operating any unlicensed branch locations in the future.

16 The Director, pursuant to ORS 59.996, hereby **ORDERS** RESPONDENT to pay the  
17 State of Oregon a civil penalty of \$7,700.00, \$5,000.00 for conducting a mortgage broker  
18 business without a license, and \$100.00 for each of the 27 closed loans.

19 The Director suspends payment of \$6,390.00 of the assessed civil penalty for a  
20 three year period. If in the period from the date of the Order to three years from the date of  
21 this Order, RESPONDENT violates any provision of Oregon's Mortgage Lender Law, the  
22 suspended portion of the assessed civil penalty will become immediately due and payable.  
23 If no violation of Oregon's Mortgage Lender Law by RESPONDENT occurs in the three  
24 year period, the suspended portion of the civil penalty is waived. The date of the Order is  
25 the date the Director signs the Order.

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

28 Dated this 13<sup>th</sup> day of August, 1998 at Salem, Oregon.

1 MICHAEL GREENFIELD, DIRECTOR  
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

2  
3 by *R.M. Nockleby*

4 R.M. NOCKLEBY, ADMINISTRATOR  
DIVISION OF FINANCE AND CORPORATE SECURITIES

5  
6 CONSENT TO ENTRY OF ORDER

7 I, Michael Gozdan, state that I am the Assistant General Counsel of CENDANT  
8 MORTGAGE CORP. dba PHH MORTGAGE SERVICES, and I am authorized to act on its  
9 behalf; that I have read the foregoing Order and that I know and fully understand the  
10 contents hereof; that CENDANT MORTGAGE CORP. dba PHH MORTGAGE SERVICES  
11 has been represented by counsel Costas Avrakotos, in this matter; that CENDANT  
12 MORTGAGE CORP. dba PHH MORTGAGE SERVICES has been advised of its right to a  
13 hearing; that CENDANT MORTGAGE CORP. dba PHH MORTGAGE SERVICES without  
14 admitting or denying the Findings of Fact contained herein, voluntarily consents to the  
15 entry of this Order without further hearing, expressly waiving any right to a hearing in this  
16 matter; that CENDANT MORTGAGE CORP. dba PHH MORTGAGE SERVICES  
17 understands that the Director reserves the right to take further actions to enforce this Order  
18 or to take appropriate action upon discovery of other violations of Oregon's Mortgage  
19 Lender Law; and that CENDANT MORTGAGE CORP. dba PHH MORTGAGE SERVICES  
20 will fully comply with Chapter 59 of Oregon's Mortgage Lender Law.

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

22  
23 Dated this 7<sup>th</sup> day of August, 1998.

24  
25 By Michael P. Gozdan  
(Printed Name)

Assistant General Counsel  
(Office Held)

26  
27 Michael P. Gozdan  
(Signature)

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**CORPORATE ACKNOWLEDGMENT**

There appeared before me this 7<sup>th</sup> day of August, 1998, Michael P. Gozdan who was first duly sworn on oath, and stated that he was and is the Asst. Gen. Counsel of CENDANT MORTGAGE CORP. dba PHH MORTGAGE SERVICES and he is authorized and empowered to sign this Consent to Entry of Order on behalf of CENDANT MORTGAGE CORP. dba PHH MORTGAGE SERVICES and to bind CENDANT MORTGAGE CORP. dba PHH MORTGAGE SERVICES to the terms hereof.

Notary Public in and for the State of: New Jersey

Geraldine A. Gager  
Signature of Notary Public

GERALDINE A. GAGER  
Notary Public of New Jersey  
My Commission Expires Sept. 23, 2002

My Commission expires: \_\_\_\_\_