

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 Funding Source, Inc.

8 #O-99-0013  
9 Order to Cease and Desist  
10 Order to Assess Civil Penalty  
11 Order Suspending License  
12 Consent to Entry of Order

13 WHEREAS the Director of the Department of Consumer and Business Services has  
14 conducted an investigation of FUNDING SOURCE, INC., and has determined that  
15 FUNDING SOURCE, INC. engaged in activities constituting violations of ORS 59.840  
16 through 59.965 (herein "the Oregon Mortgage Lender Law"); and,

17 WHEREAS FUNDING SOURCE, INC. wishes to resolve and settle this matter with  
18 the Director.

19 NOW THEREFORE, as evidenced by the authorized signature(s) subscribed on this  
20 Order, FUNDING SOURCE, INC. hereby **CONSENTS** to entry of this Order upon the  
21 Director's Findings of Fact and Conclusions of Law as stated herein:

22 **FINDINGS OF FACT**

23 The Director **FINDS** that:

- 24 1. Funding Source, Inc. (Herein "Respondent") can be served at 1257 High St. #6,  
25 Eugene, OR 97401. Respondent is engaged in the business of a mortgage broker, and  
26 has been licensed by the Division effective 2/17/98.
- 27 2. Tyler Beckett is Vice President and 50% owner of Respondent, and is authorized to act  
28 on it's behalf.
- 29 3. On February 24, 1999, the Division conducted an examination of Respondent's  
30 business.
- 31 4. This examination revealed that Respondent was conducting business from 220 E. 11th  
32 St., Eugene, OR (herein "Eugene location").
- 33 5. A search of the records of the Division of Finance and Corporate Securities (herein

1 "Division") revealed that the Eugene location was not licensed as a branch location of  
2 Respondent.

3 6. The Eugene location was opened in April of 1998, and has accepted 196 applications  
4 from consumers, of which 96 have been closed.

5 7. During the examination, the files for private investors and the borrowers associated with  
6 those investors were reviewed. Reviewed files did not contain the investor disclosure  
7 required under OAR 441-865-0080 and 441-870-0050(1), the Truth in Lending disclosure  
8 as required by OAR 441-865-0060(1)(d), a Good Faith Estimate as required by OAR 441-  
9 865-0060(1)(g), or a statement that the interest rate would float or lock as required by OAR  
10 441-865-0060(1)(c).

11 8. Borrower files maintained for brokered loans were also reviewed as part of the  
12 examination. These files did not contain the statement that the interest rate would float or  
13 lock as required by OAR 441-865-0060(1)(c).

14 9. Client trust account records were also reviewed during the examination. These records  
15 indicated that the checks being used in conjunction with the client trust account did not  
16 bear the words "Trust Account" as is required by OAR 441-875-0040(4).

17 10. On March 9, 1999, an inquiry was received by the Division regarding Respondent's  
18 license. This inquiry asked for the expiration date of the license. Respondent's license  
19 had not yet been renewed because Respondent had presented a non-sufficient funds  
20 check for the renewal fee. The lender inquiring forwarded to the Division a copy of the  
21 license they had been provided by Respondent. This copy indicated a license expiration  
22 date of 2/17/00. This license had not been issued by the Division.

23 11. On March 16, 1999 Tyler Beckett came to the Division to discuss the results of the  
24 examination. During this interview, Mr. Beckett admitted he had altered Respondent's  
25 license in order to obtain funding for certain loans.

#### 26 CONCLUSIONS OF LAW

27 The Director **CONCLUDES** that:

28 1. Respondent conducted unlicensed activity as a mortgage banker/broker in violation of

- 1 ORS 59.845 at the Eugene location.
- 2 2. Respondent violated OAR 441-865-0080 and OAR 441-870-0050(1) by failing to  
3 provide investors with any disclosures as is required by those sections.
- 4 3. Respondent violated OAR 441-865-0060(1)(d), (1)(g) and (1)(c) by not providing  
5 borrowers on privately funded loans Truth in Lending disclosures, Good Faith Estimates, or  
6 statements that the interest rate would float or be locked.
- 7 4. Respondent violated OAR 441-865-0060(1)(c) by not providing borrowers on brokered  
8 loans a statement that the interest rate would float or be locked.
- 9 5. Respondent violated OAR 441-875-0040(4) by not having the words "Trust Account"  
10 imprinted on the company's client trust account checks.
- 11 6. Respondent violated ORS 59.865(2) and 59.930(1), (2) and (3) by employing a scheme  
12 to defraud, by knowingly making an untrue statement of a material fact, and by engaging in  
13 an act which operates as a fraud or deceit on any person.

14 **ORDER**

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

- 17 1. Violating any provisions of ORS 59.840 through 59.960; and  
18 2. Doing any mortgage banker/broker business without proper licensing by the Division.

19 The Director, pursuant to ORS 59.996, hereby **ORDERS** Respondent to pay the  
20 State of Oregon a civil penalty of \$15,600, \$5,000.00 for knowingly conducting a mortgage  
21 broker business without a license, \$100.00 for each of the 96 closed loans, and \$1,000.00  
22 for the violation of ORS 59.865(2), 59.930(1), (2) and (3).

23 The Director hereby **SUSPENDS** the mortgage banker/broker license of  
24 Respondent for a period of six months from the date of this Order.

25 The date of this Order is the date the Director signs the Order.

26 The Director also suspends \$13,140.00 of the assessed civil penalty for a three year  
27 period. If in the period from the date of the Order to three years from the date of this  
28 Order, Respondent violates any provision of Oregon's Mortgage Lender Law, the

1 suspended portion of the assessed civil penalty will become immediately due and payable.  
2 If no violation of Oregon's Mortgage Lender Law by Respondent occurs in the three year  
3 period the suspended portion of the civil penalty is waived.

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

6 Dated this 1 day of April, 1999 at Salem, Oregon.

8 **MICHAEL GREENFIELD, DIRECTOR**  
9 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**

10 by *R.M. Nockleby*  
11 **R.M. NOCKLEBY, ADMINISTRATOR**  
12 **DIVISION OF FINANCE AND CORPORATE SECURITIES**

13 **CONSENT TO ENTRY OF ORDER**

14 I, Tyler Beckett, state that I am the Vice President of FUNDING SOURCE INC., and I am  
15 authorized to act on its behalf; that I have read the foregoing Order and that I know and  
16 fully understand the contents hereof; that FUNDING SOURCE INC. has been advised of  
17 its right to a hearing; that FUNDING SOURCE INC. admits the Findings of Fact contained  
18 herein, voluntarily consenting to the entry of this Order without further hearing, expressly  
19 waiving any right to a hearing in this matter; that FUNDING SOURCE INC. understands  
20 that the Director reserves the right to take further actions to enforce this Order or to take  
21 appropriate action upon discovery of other violations of Oregon's Mortgage Lender Law;  
22 and that FUNDING SOURCE INC. will fully comply with Chapter 59 of Oregon's Mortgage  
23 Lender Law.

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

25 Dated this 1 day of April, 1999.

26 By Tyler Beckett  
27 (Printed Name)

V.P.  
(Office Held)

28 *Tyler Beckett*  
(Signature)

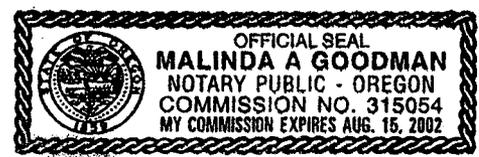
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CORPORATE ACKNOWLEDGMENT

There appeared before me this 1 day of April, 1999, Tyler Beckett who was first duly sworn on oath, and stated that he was and is the V.P of FUNDING SOURCE INC. and he is authorized and empowered to sign this Consent to Entry of Order on behalf of FUNDING SOURCE INC. and to bind FUNDING SOURCE INC. to the terms hereof.

Notary Public in and for the State of: Oregon

Malinda Goodman  
Signature of Notary Public



My Commission expires: 8-15-02