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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
KOBİ INC. DBA KOBİ MORTGAGE

Order No. O-00-0043
CEASE AND DESIST ORDER AND
CONSENT TO IMPOSITION OF CIVIL
PENALTIES

To: Pat Peach
KOBİ Inc. dba KOBİ Mortgage
62910 Ob Riley Road
Building A Ste C
Bend OR 97701

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

WHEREAS KOBİ Inc. dba KOBİ Mortgage wishes to resolve and settle this matter with the Director;

NOW THEREFORE, as evidenced by the authorized signatures subscribed on this order KOBİ Inc. dba KOBİ Mortgage 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. KOBİ Inc. dba KOBİ Mortgage (hereinafter "Respondent"), incorporated in Oregon on August 1, 1994, engages in residential mortgage transactions in Oregon or

1 on Oregon real property in expectation of compensation. Pat Peach and Rosalie Peach
2 each own 50% of KOB Inc. dba KOB Mortgage. The Director first issued a mortgage
3 lender license to KOB Inc. dba KOB Mortgage on November 25, 1998. KOB Inc.'s
4 license, currently set to expire on November 24, 2001, only covers the principal location
5 of 62910 Ob Riley Road Building A, Ste C in Bend, Oregon.

6 2. On November 14, 2000, the Director received an application for a mortgage
7 lender license from Pacific Lending Group Inc. located 1715 SW Highland Ave,
8 Redmond Oregon, 97756 (hereinafter "the Redmond location"). The documentation
9 submitted with the application by Pacific Lending Group Inc. states "We have already
10 opened our office, complete with reception, processing and loan officers. We are
11 operating under Pat Peach of KOB Mortgage until this broker license is approved".

12 3. The owners of Pacific Lending Group Inc. are Tracy Treat and Evan Hollister.

13 4. On November 15, 2000, Lori Asa, an examiner for the Director, talked to Tracy
14 Treat who confirmed that Tracy Treat and Evan Hollister were operating out of the
15 Redmond location using KOB Inc. dba KOB Mortgage's license. Lori Asa told him to
16 cease and desist this practice as the location was not a licensed branch of KOB Inc.
17 dba KOB Mortgage.

18 5. On November 20, 2000, Pat Peach of KOB Inc. dba KOB Mortgage faxed a
19 pipeline report to the Director with a statement by Tracy Treat and a letter written by Pat
20 Peach. The letter explains that KOB Inc. dba KOB Mortgage allowed Tracy Treat and
21 Evan Hollister to work using KOB Inc. dba KOB Mortgage's license after First Horizon
22 Home Loans shut down the office at which they were working. This arrangement was
23 temporary and it was expect to last only until Tracy Treat and Evan Hollister could
24 acquire their own mortgage lender license.

25 6. The pipeline provided by KOB Inc. dba KOB Mortgage shows that four loans
26 were originated by ^{TRACY (EPP)} Trent Treat and Evan Hollister using KOB Inc. dba KOB Mortgage's

1 license and five loans were transferred from First Horizon Home Loans to KOB I Inc. dba
2 KOB I Mortgage. All nine loans were funded.

3 **CONCLUSIONS OF LAW**

4 The Director **CONCLUDES** that:

5 1. KOB I Inc. dba KOB I Mortgage conducted unlicensed activity at the Redmond
6 location in violation of ORS 59.845, ORS 59.950(2) and OAR 441-860-0030.

7 **ORDER**

8 The Director, pursuant to ORS 59.885(4), hereby **ORDERS** that KOB I Inc. dba
9 KOB I Mortgage will **CEASE AND DESIST** from violating any provision of Oregon
10 Mortgage Lender Law, OAR 441-850-0005 through 441-885-0010 and any rule, order,
11 or policy issued by the Division.

12 The Director, pursuant to ORS 59.996 hereby **ORDERS** KOB I Inc. dba KOB I
13 Mortgage to pay the State of Oregon a civil penalty of \$5,650.00. The civil penalty is
14 based upon \$5000 for conducting unlicensed activity at the branch location, \$400 for
15 funding four loans prior to licensing (\$100 per loan), and \$250 for funding prior to
16 licensing five loans using the name KOB I Inc. dba KOB I Mortgage that were originated
17 under the name First Horizon Home Loans (\$50 per loan).

18 The Director suspends payment of \$ 5,085.00 of the assessed civil penalty for
19 a three year period. If in the period between the date of the Order to three years from
20 the date of the Order, Respondent violates any provision of the Oregon Mortgage
21 Lender Law. OAR 441-850-0005 through 441-885-0010 or any rule, order, or policy
22 issued by the Division, the suspended portion of the assessed civil penalty will become
23 immediately due and payable. If the Respondent does not violate the Oregon Mortgage
24 Lender Law, OAR 441-850-0005 through 441-885-0010 or any rule, order, or policy
25 issued by the Division in the three year period, the suspended portion of the civil penalty
26 is waived. The date of the Order is the date the Director signs the Order.

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

3 Dated this 13th day of December, 2000.

4
5 **MARY C. NEIDIG, DIRECTOR**
6 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**

7
8 by 
9 **R.M. NOCKLEBY, ADMINISTRATOR**
10 **DIVISION OF FINANCE AND CORPORATE SECURITIES**

11 **CONSENT TO ENTRY OF ORDER**

12 I, ERNEST P. PEACH, state that I am PRESIDENT
13 of KOB Inc. dba KOB Mortgage, and I am authorized to act on its behalf; that I have
14 read the foregoing Order and that I know and fully understand the contents hereof; that
15 KOB Inc. dba KOB Mortgage admits the findings of fact herein, voluntarily consents
16 to the entry of this Order without further hearing, expressly waiving any right to a hearing
17 in this matter; that KOB Inc. dba KOB Mortgage understands that the Director reserves
18 the right to take further actions to enforce this order or to take appropriate action upon
19 discovery of other violations of Oregon Mortgage Lender Law; and that KOB Inc. dba
20 KOB Mortgage will fully comply with Oregon Mortgage Lender Law.

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

22 Dated this 5 day of DECEMBER, 2000.

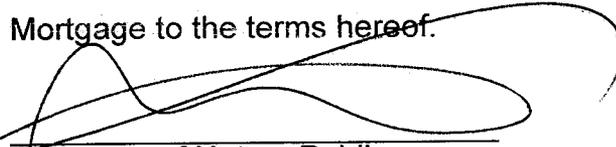
23 By ERNEST P. PEACH PRESIDENT
24 (Office Held)

25 
26 (Signature)

CORPORATE ACKNOWLEDGMENT

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There appeared before me this 5th day of December, 2000,
Ernest P. Peach, who was first duly sworn on oath, and stated that s/he was
and is the President of KOB Inc. dba KOB Mortgage and
Ernest P. Peach is authorized and empowered to sign this Consent to Entry of
Order on behalf of KOB Inc. dba KOB Mortgage and to bind KOB Inc. dba KOB
Mortgage to the terms hereof.


Signature of Notary Public
Notary Public for the State of: Oregon
My Commission expires: July 7, 2001

