

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
5 BUSINESS SERVICES
6 STATE OF OREGON

7 In the Matter of

8 DIRECTORS MORTGAGE INC

9 O-99-0032

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 for the
14 State of Oregon has conducted an investigation of Directors Mortgage Inc, and has determined
15 that Directors Mortgage Inc. engaged in activities constituting violations of ORS 59.840 through
16 59.965 (hereinafter "the Oregon Mortgage Lender Law"); and

17 WHEREAS Directors Mortgage Inc wishes to resolve and settle this matter with the
18 Director;

19 NOW THEREFORE, as evidenced by the authorized signatures subscribed on this
20 Order, Directors Mortgage Inc hereby **CONSENTS** to entry of this order upon the Director's
21 Findings of Fact and Conclusions of Law as state hereinafter:

22 **FINDINGS OF FACT**

23 The Director **FINDS** that:

- 24 1. Directors Mortgage Inc (herein "Respondent"), with a principal office at 4550 SW Kruse
25 Way, Suite 275 in Lake Oswego, Oregon 97035, is engaged in the business of a mortgage
26 broker.
2. Respondent has been licensed by the Division of Finance and Corporate Securities
(herein "Division") since August 7, 1998 and currently possesses an active license to operate
at their principal location.
3. About November 16, 1999, Respondent's experienced person of record, Charles D.
Rose, left Respondent's employment.

1 4. On December 10, 1999, the Division received a letter from Charles D. Rose had left
2 Respondent's employ on November 16, 1999.

3 5. On December 13, 1999, James Flaherty from the Division sent a letter to DMI indicating
4 that they were in violation of ORS 59.850(2), (3), and (6). The letter indicated that they were
5 to cease accepting new applications and soliciting new borrowers, provide a pipeline report
6 containing an inventory and status of all pending loan application files accepted since November
7 16, 1999, provide an accounting of all Clients' Trust Account funds, and provide a proposed plan
8 to rectify the lack of an experience person or transfer the business to a licensed mortgage
9 lender.

10 6. On December 16, 1999, the Division received an incomplete amended application to list
11 Mr. Mike Kelly as the experienced person and an indication that the requested items had been
12 gathered.

13 7. On December 17, 1999, the Division received a complete amended application showing
14 Mr. Mike Kelly as the experienced person.

15 8. Respondent provided a pipeline report at the request of the Director which indicates that
16 thirty-nine (39) loans were submitted, opened, or approved during the period after Mr. Charles
17 D. Rose left, but before Mr. Mike Kelly was listed as the experienced person.

18 9. At all times relevant, Respondent had in its employ people who possessed the required
19 experience to satisfy the experience requirement.

20 21 **CONCLUSIONS OF LAW**

22 The Director **CONCLUDES** that:

23 1. Respondent failed to comply with the experienced person requirement contained in ORS
24 59.850(2) and (3) and Respondent failed to comply with the requirements of a licensee when
25 the licensee fails to continually satisfy the experience requirement pursuant to OAR 441-860-
26 0080(1).

1 2. Respondent has remedied the violations through the submission of an amended
2 application for Directors Mortgage Inc. and discontinuing unlicensed activity under the Mortgage
3 Lender Law until the deficiency was remedied.

4 **ORDER**

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

- 7 1. Violating any provision of ORS 59.840 through 59.960; and
8 2. Failing to comply with the experienced person requirement in ORS 59.850(2) and (3).

9 The Director, pursuant to ORS 59.996 hereby **ORDERS** Respondent to pay the State
10 of Oregon a civil penalty of \$500.

11 The Director suspends payment of the entire assessed civil penalty for a three year
12 period. If in the period between the date of the Order to three years from the date of the Order,
13 Respondent violates any provision of Oregon's Mortgage Lender Law, the suspended portion
14 of the assessed civil penalty will become immediately due and payable. If the Respondent does
15 not violate Oregon's Mortgage Lender Law in the three year period, the suspended portion of
16 the civil penalty is waived. The date of the Order is the date the Director signs the Order.

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

19 Dated this 4th day of February, 2000.

20
21 **MICHAEL GREENFIELD, DIRECTOR**
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

22
23 by *James A. Hoban Sr* *R.M. Nockleby*
24 **R.M. NOCKLEBY, ADMINISTRATOR**
DIVISION OF FINANCE AND CORPORATE SECURITIES

1 **CONSENT TO ENTRY OF ORDER**

2 I, Mark Hanna, state that I am the President of Directors Mortgage Inc, and I am authorized to
3 act on its behalf; that I have read the foregoing Order and that I know and fully understand the
4 contents hereof; that Directors Mortgage Inc admits the findings of fact herein, voluntarily
5 consents to the entry of this Order without further hearing, expressly waiving any right to a
6 hearing in this matter; that Directors Mortgage Inc understands that the Director reserves the
7 right to take further actions to enforce this order or to take appropriate action upon discovery
8 of other violations of Oregon's Mortgage Lender Law; and that Directors Mortgage Inc will fully
9 comply with Chapter 59 of Oregon's Mortgage Lender Law.

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

11
12 Dated this 1st day of Feb., 2000.

13 By Mark J. Hanna President
14 (Office Held)

15 [Signature]
16 (Signature)

17 **CORPORATE ACKNOWLEDGMENT**

18 There appeared before me this 1st day of FEB, 02.
19 Mark Hanna, who was first duly sworn on oath, and stated that he was and is the
20 President of Directors Mortgage Inc and he is authorized and empowered to sign
21 this Consent to Entry of Order on behalf of Directors Mortgage Inc and to bind Directors
22 Mortgage Inc to the terms hereof.

23
24 [Signature]
25 Signature of Notary Public
26 Notary Public for the State of: OREGON
My Commission expires: FEB 8, 2002

