

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)

ORDER NO. O-01-0040

7 RESPONSE MORTGAGE)
8 SERVICES, INC.)

CEASE AND DESIST ORDER AND
CONSENT TO IMPOSITION OF CIVIL
PENALTIES

9 To: J Lennox Scott

Response Mortgage Services Inc

3380 146th Place SE Suite 450 Location

Bellevue WA 98007-6472

16564 Cleveland Street #H Mailing

Redmond WA 98052

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

19 **WHEREAS** Response Mortgage Services, Inc. wishes to resolve and settle this
20 matter with the Director;

21 **NOW THEREFORE**, as evidenced by the authorized signatures subscribed on
22 this order Response Mortgage Services, Inc. hereby **CONSENTS** to entry of this order
23 upon the Director's Findings of Fact and Conclusions of Law as stated hereinafter:

24 **FINDINGS OF FACT**

25 The Director **FINDS** that:

26 1. Response Mortgage Services, Inc. (hereinafter "Respondent"), incorporated
in Washington on November 6, 1998 engages in residential mortgage transactions in

1 Oregon or on Oregon real property in expectation of compensation.

2 2. James Lennox Scott is the sole owner of Respondent.

3 3. On May 22, 2001, the Director sent notice to Respondent of the impending
4 expiration of Respondent's license on July 21, 2001.

5 4. On July 21, 2001, the Director cancelled Respondent's license, which included
6 the principal location and four branches, for failure to renew the license.

7 5. On July 25, 2001, the Mortgage Lender Section received Respondent's
8 application to renew Respondent's Oregon mortgage lender license, which included the
9 principal location and seven branches.

10 6. On July 25, 2001, the Director issued an Oregon mortgage lender license
11 licensing Respondent from July 25, 2001 through July 25, 2002 for the principal location
12 and four previously licensed branches.

13 7. From July 22, 2001 through July 24, 2001, Respondent was not licensed to
14 engage in Oregon residential mortgage transactions.

15 8. On July 27, 2001, the Director issued an Oregon license for each of the three
16 branch locations not previously licensed. Sometime prior to July 27, 2001, Respondent
17 opened the three branch locations.

18 9. Respondent did not provide notice to the Director at least 30 days prior to
19 opening the three new branch locations that contained the address, telephone numbers
20 and supervisor's information.

21 10. Respondent did not provide the licensing fee for the three new branch
22 locations prior to licensing.

23 11. Respondent provided a pipeline of loan activity that indicated that Respondent
24 closed 15 loans and took an additional 37 applications prior to July 27, 2001 at locations
25 that were not licensed at the time.

26 **CONCLUSIONS OF LAW**

The Director **CONCLUDES** that:

1 1. Respondent violated ORS 59.845(1) by engaging in Oregon residential mortgage
2 transactions without a license.

3 2. Respondent violated ORS 59.950(2) by failing to provide notice to the Director at
4 least 30 days prior to opening three new branch locations.

5 3. Respondent violated OAR 441-860-0030 by failing to pay the licensing fees and
6 provide the three branch locations' address, telephone numbers, and supervisor's
7 information to the Director prior to opening three new branch locations.

8 **ORDER**

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

13 The Director, pursuant to ORS 59.996 hereby **ORDERS** Response Mortgage
14 Services, Inc. to pay the State of Oregon a civil penalty of \$8,350. 00. The civil penalty
15 is based upon \$5,000.00 for knowingly conducting a mortgage broker business without
16 a license and for failing to provide the licensing fee and notification prior to opening
17 three branch locations, \$1,500.00 for closing 15 loans (\$100.00 for each loan) without
18 a license, and \$1,850.00 for taking 37 applications (\$50.00 for each application) without
19 a license.

20 The Director suspends payment of \$7,515.00 of the assessed civil penalty for a
21 three year period. If in the period between the date of the Order to three years from the
22 date of the Order, Response Mortgage Services, Inc. violates any provision of the
23 Oregon Mortgage Lender Law, OAR 441-850-0005 through 441-885-0010 or any rule,
24 order, or policy issued by the Division, the suspended portion of the assessed civil
25 penalty will become immediately due and payable. If Response Mortgage Services, Inc.
26 does not violate the Oregon Mortgage Lender Law, OAR 441-850-0005 through 441-
885-0010 or any rule, order, or policy issued by the Division in the three year period, the

1 suspended portion of the civil penalty is waived. The date of the Order is the date the
2 Director signs the Order.

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

5 Dated this 24 day of SEPTEMBER, 2001. 
6 3 OCTOBER

7 **MARY C. NEIDIG, DIRECTOR**
8 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**

9
10 by 
11 **GREGORY A. MALKASIAN, ACTING ADMINISTRATOR**
12 **DIVISION OF FINANCE AND CORPORATE SECURITIES**

13 **CONSENT TO ENTRY OF ORDER**

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

24 I understand that this Consent Order is a public document.
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Dated this 24 day of SEPTEMBER, 2001.

J. LENNOX SCOTT
By RESPONSE MORTGAGE PRESIDENT
(Office Held)

J. Lennox Scott
(Signature)

CORPORATE ACKNOWLEDGMENT

There appeared before me this 25th day of September, 2001,
S. Lennox Scott, who was first duly sworn on oath, and stated that s/he was
and is the President of Response Mortgage Services, Inc. and
S. Lennox Scott is authorized and empowered to sign this Consent to Entry of
Order on behalf of Response Mortgage Services, Inc. and to bind Response Mortgage
Services, Inc. to the terms hereof.

Tammy D. Lowmore
Signature of Notary Public
Notary Public for the State of: Washington
My Commission expires: 3-29-02

