

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

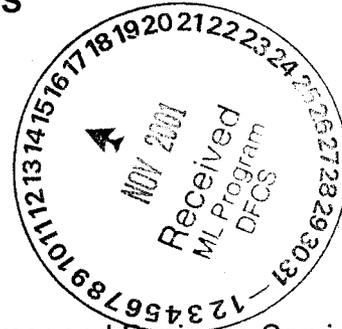
In the Matter of

SECURITY LENDING WHOLESALE  
LC

ORDER NO. O-01-0046

CEASE AND DESIST ORDER AND  
CONSENT TO IMPOSITION OF CIVIL  
PENALTIES

To: Security Lending Wholesale LC  
480 East 6400 South Suite 205  
Salt Lake City UT 84107



**WHEREAS** the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter "the Director") conducted an investigation of Security Lending Wholesale LC, and determined that Security Lending Wholesale LC engaged in activities constituting violations of ORS 59.840 through 59.965 (hereinafter "the Oregon Mortgage Lender Law"); and

**WHEREAS** Security Lending Wholesale LC wishes to resolve and settle this matter with the Director;

**NOW THEREFORE**, as evidenced by the authorized signatures subscribed on this order Security Lending Wholesale LC 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. Security Lending Wholesale LC (hereinafter "Respondent"), a limited liability company formed in Utah on January 29, 1998, engages in residential mortgage transactions in Oregon or on Oregon real property in expectation of compensation.

1           2. Respondent first obtained an Oregon mortgage lender license on October 1,  
2 2001. Prior to October 1, 2001, Respondent was not licensed to engage in Oregon  
3 residential mortgage transactions. However, the Director had issued a one-time  
4 exemption letter to Respondent to exempt from the licensing requirements a single  
5 Oregon residential mortgage transaction for Thomas Haley on April 19, 2001.

6           3. On September 11, 2001, the Director sent a request for information about loan  
7 applications taken on Oregon property or for Oregon consumers to Respondent based  
8 upon an advertisement the Director obtained that was sent to an Oregon consumer by  
9 Respondent.

10          4. In response to the request, the Director received a letter dated September 20,  
11 2001 from Respondent that stated that Respondent had no active loans in the State of  
12 Oregon and had not intended to market in Oregon. The letter further indicated that  
13 Respondent intended to seek a license in Oregon.

14          5. On September 24, 2001, the Director spoke with Respondent who indicated  
15 that the advertising had been done in error, it was not Respondent's intent to have done  
16 business in Oregon, and that Respondent was unable to produce any Oregon  
17 applications in a quick and efficient manner.

18          6. Based upon the letter and the telephone conversation, on September 24,  
19 2001, the Director sent a letter to Respondent closing the inquiry but reminding the  
20 Respondent that it cannot advertise or engage in Oregon residential mortgage loan  
21 transactions without a license.

22          7. On October 15, 2001, the Director received a faxed copy of a good faith  
23 estimate prepared on September 27, 2001 by Respondent for a transaction involving  
24 Oregon residential real property.

25          8. On October 15, 2001, the Director spoke to the Respondent about the good  
26 faith estimate. Respondent indicated that there was an exemption from licensing since

1 the loans were for FHA streamline refinances. The Director indicated that there is no  
2 such exemption from the Oregon Mortgage Lender Law but requested a copy of their  
3 attorney opinion supporting the belief and list of all Oregon residential loan transactions.

4 9. On October 15, 2001, the Director requested in writing a list of all applications  
5 for Oregon residential mortgage loan transactions taken by Respondent while  
6 Respondent was not licensed and a copy of the attorney opinion.

7 10. On October 22, 2001, the Director received a letter from Respondent  
8 indicating that the company was in error regarding the exemption for FHA streamline  
9 refinances and containing a pipeline from Respondent showing that Respondent funded  
10 32 loans and took an additional 24 applications without a license. One of the loans  
11 listed was the Haley loan for which the company had received an exemption.

#### 12 **CONCLUSIONS OF LAW**

13 The Director **CONCLUDES** that:

14 1. Respondent violated ORS 59.845(1) by engaging in residential mortgage  
15 transactions on Oregon property or with Oregon consumers without a license.

#### 16 **ORDER**

17 The Director, pursuant to ORS 59.885(4), hereby **ORDERS** that Security Lending  
18 Wholesale LC will **CEASE AND DESIST** from violating any provision of Oregon  
19 Mortgage Lender Law, OAR 441-850-0005 through 441-885-0010 and any rule, order,  
20 or policy issued by the Director.

21 The Director, pursuant to ORS 59.996 hereby **ORDERS** Security Lending  
22 Wholesale LC to pay the State of Oregon a civil penalty of \$9,300. The civil penalty is  
23 based upon \$5,000 for engaging in Oregon residential mortgage transactions without  
24 a license, \$3,100 for funding 31 loans while not licensed and \$1,200 for taking 24 loan  
25 applications while not licensed.

26 The Director suspends payment of \$4,650 of the assessed civil penalty for a

1 three year period. If in the period between the date of the Order to three years from the  
2 date of the Order, Security Lending Wholesale LC violates any provision of the Oregon  
3 Mortgage Lender Law, OAR 441-850-0005 through 441-885-0010 or any rule, order, or  
4 policy issued by the Director, the suspended portion of the assessed civil penalty will  
5 become immediately due and payable. If Security Lending Wholesale LC does not  
6 violate the Oregon Mortgage Lender Law, OAR 441-850-0005 through 441-885-0010  
7 or any rule, order, or policy issued by the Director in the three year period, the  
8 suspended portion of the civil penalty is waived. The date of the Order is the date the  
9 Director signs the Order.

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

12 Dated this 19<sup>th</sup> day of November, 2001.

13  
14 **MARY C. NEIDIG, DIRECTOR**  
15 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**

16  
17 by   
18 **GREGORY A. MALKASIAN, ACTING ADMINISTRATOR**  
19 **DIVISION OF FINANCE AND CORPORATE SECURITIES**

20 **CONSENT TO ENTRY OF ORDER**

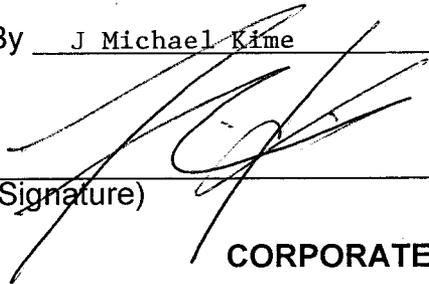
21 I, J Michael Kime, state that I am the  
22 General Manager of Security Lending Wholesale LC, and I am authorized to  
23 act on its behalf; that I have read the foregoing Order and that I know and fully  
24 understand the contents hereof; that Security Lending Wholesale LC admits the findings  
25 of fact herein, voluntarily consents to the entry of this Order without further hearing,  
26 expressly waiving any right to a hearing in this matter; that Security Lending Wholesale

1 LC understands that the Director reserves the right to take further actions to enforce this  
2 order or to take appropriate action upon discovery of other violations of Oregon  
3 Mortgage Lender Law; and that Security Lending Wholesale LC will fully comply with  
4 Oregon Mortgage Lender Law.

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

6 Dated this 2nd day of November, 2001.

7  
8 By J Michael Kime General Manager  
(Office Held)

9  
10   
(Signature)

**CORPORATE ACKNOWLEDGMENT**

12 There appeared before me this 2nd day of November, 2001,  
13 J Michael Kime, who was first duly sworn on oath, and stated that s/he was  
14 and is the General Manager of Security Lending Wholesale LC and  
15 he is authorized and empowered to sign this Consent to Entry of  
16 Order on behalf of Security Lending Wholesale LC and to bind Security Lending  
17 Wholesale LC to the terms hereof.

18   
19 Signature of Notary Public  
20 Notary Public for the State of: Utah  
21 My Commission expires: 06/29/02

