



1 loans to Respondent on September 22, 1997. Respondent's current license is set to  
2 expire on September 22, 2002.

3 3. Oregon consumer Sandra Hess-Davis contacted Security Funding Corporation  
4 in the summer of 1997 about refinancing her manufactured home and the Oregon real  
5 property upon which the home is located.

6 4. Security Funding Company referred Sandra Hess-Davis to Respondent for her  
7 refinance loan.

8 5. On August 12 1997, Sandra Hess-Davis applied to Respondent for the  
9 refinance loan.

10 6. On August 25, 1997, Sandra Hess-Davis signed the final loan documents for  
11 a private money loan from the Rusty and Shirley Parker Family Trust as brokered by  
12 Respondent.

13 7. The first loan obtained by Sandra Hess-Davis as brokered by Respondent was  
14 for \$15,000 secured by the manufactured home and the Oregon real property and  
15 included a loan origination fee of \$150 paid to the Rusty and Shirley Parker Family  
16 Trust, a referral fee of \$500 paid to Security Funding Corporation, and a \$1,500  
17 mortgage placement fee.

18 8. The loan was subject to the requirements of the Truth in the Lending Act, but  
19 not the Real Estate Settlement Procedures Act.

20 9. The total broker and lender points and fees of the loan were at least \$1,650  
21 which is in excess of eight percent of the loan amount thus subjecting the loan to  
22 additional loan disclosure requirements under Section 32 of Regulation Z.

23 10. On May 4, 2001, Respondent provided a copy of the loan file to the Director  
24 pursuant to the Director's request.

25 11. A review of the file revealed that the file did not contain a good faith estimate.  
26 Although a good faith estimate is not required by federal law because the loan is not

1 subject to the requirements of the Real Estate Settlement Procedures Act, OAR 441-  
2 865-0060(1)(d) requires that the borrower file contain a copy of the good faith estimate.

3 12. The file contained an APR Disclosure Statement that contained many of the  
4 disclosure requirements of the Truth in Lending Act, however it did not contain the Truth  
5 in Lending Act required disclosure of the itemization of the amount financed or a waiver  
6 by the borrower of the need for that information, or disclosures of whether the loan had  
7 a demand feature, the late payment charge, the security interest secured by the loan,  
8 and whether the loan was assumable.

9 13. The file did not contain a copy of the required disclosure of Section 32 of  
10 Regulation Z that the consumer is not required to complete the loan.

11 14. The file also did not include a lock or float statement or an executed release  
12 of credit information.

13 15. On November 25, 1997, Sandra Hess-Davis obtained a "modification" to the  
14 first private money loan also from the Rusty and Shirley Parker Family Trust as brokered  
15 by Respondent.

16 16. The "modification loan" as brokered by Respondent was for \$7,000 secured  
17 by the manufactured home and the Oregon real property and included a \$600 mortgage  
18 placement fee and \$150 processing fee paid to Respondent.

19 17. The loan was subject to the requirements of the Truth in the Lending Act, but  
20 not the Real Estate Settlement Procedures Act.

21 18. The total broker and lender points and fees of the loan were \$750 which is in  
22 excess of eight percent of the \$7,000 loan amount subjecting the loan to additional loan  
23 disclosure requirements under Section 32 of Regulation Z.

24 19. On May 4, 2001, Respondent provided a copy of the "modification" loan file  
25 to the Director pursuant to the Director's request.

26 20. A review of the file revealed that the file did not contain a good faith estimate.

1 Although a good faith estimate is not required by federal law because the loan is not  
2 subject to the requirements of the Real Estate Settlement Procedures Act, OAR 441-  
3 865-0060(1)(d) requires that the borrower file contain a copy of the good faith estimate.

4 21. The file did not contain a Truth in Lending Act disclosure that must include the  
5 identity of the creditor making the disclosures, the amount financed, the itemization of  
6 the amount financed, the finance charge, the annual percentage rate, the payment  
7 schedule, the total of payments, whether the loan has a demand feature, whether the  
8 loan has a prepayment penalty, the late payment charge, the security interest, and the  
9 assumption policy.

10 22. The file did not contain a copy of the required disclosure of Section 32 of  
11 Regulation Z that the consumer is not required to go through with the loan, the APR, or  
12 the payment amount.

13 23. The file also did not include a completed loan application, lock or float  
14 statement, an executed release of credit information or a copy of the consumer's credit  
15 report.

16 24. Respondent would like to resolve the investigation with the Division but does  
17 not admit that the Findings of Fact contained in this Order are true.

#### 18 **CONCLUSIONS OF LAW**

19 The Director **CONCLUDES** that:

- 20 1. Respondent violated ORS 59.845(1) by engaging in an Oregon residential mortgage  
21 loan transaction without a license.
- 22 2. Respondent violated ORS 59.955 by failing to provide disclosures required by 15  
23 USC 1638 and 15 USC 1639 (Truth in Lending Act) and 12 CFR 226.17 and 12 CFR  
24 226.32 (Regulation Z).

#### 25 **ORDER**

26 The Director, pursuant to ORS 59.885(4), hereby **ORDERS** that Hopkins

1 Financial Services, Inc. will **CEASE AND DESIST** from violating any provision of Oregon  
2 Mortgage Lender Law, OAR 441-850-0005 through 441-885-0010 and any rule, order,  
3 or policy issued by the Division.

4 The Director, pursuant to ORS 59.996 hereby **ORDERS** Hopkins Financial  
5 Services, Inc. to pay the State of Oregon a civil penalty of \$5,600. The civil penalty is  
6 based upon \$5,000 for engaging in Oregon residential mortgage transactions without  
7 a license, \$100 for the one loan funded without a license, and \$500 for failing to provide  
8 the required disclosures.

9 The Director suspends payment of \$5,040 of the assessed civil penalty for a  
10 three year period. If in the period between the date of the Order to three years from the  
11 date of the Order, Hopkins Financial Services, Inc. violates any provision of the Oregon  
12 Mortgage Lender Law, OAR 441-850-0005 through 441-885-0010 or any rule, order, or  
13 policy issued by the Division, the suspended portion of the assessed civil penalty will  
14 become immediately due and payable. If Hopkins Financial Services, Inc. does not  
15 violate the Oregon Mortgage Lender Law, OAR 441-850-0005 through 441-885-0010  
16 or any rule, order, or policy issued by the Division in the three year period, the  
17 suspended portion of the civil penalty is waived. The date of the Order is the date the  
18 Director signs the Order.

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

21 Dated this 03 day of DECEMBER, 2001.

22 **MARY C. NEIDIG, DIRECTOR**  
23 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**

24  
25  
26 by   
**GREGORY A. MALKASIAN, ACTING ADMINISTRATOR**  
**DIVISION OF FINANCE AND CORPORATE SECURITIES**

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**CONSENT TO ENTRY OF ORDER**

I, AARON L. VAN DER AA, state that I am the GENERAL MANAGER of Hopkins Financial Services, Inc., and I am authorized to act on its behalf; that I have read the foregoing Order and that I know and fully understand the contents hereof; that Hopkins Financial Services, Inc. does not admit the findings of fact herein but does voluntarily consent to the entry of this Order without further hearing, expressly waiving any right to a hearing in this matter; that Hopkins Financial Services, Inc. understands that the Director reserves the right to take further actions to enforce this order or to take appropriate action upon discovery of other violations of Oregon Mortgage Lender Law; and that Hopkins Financial Services, Inc. will fully comply with Oregon Mortgage Lender Law.

I understand that this Consent Order is a public document.

Dated this 03 day of DECEMBER, 2001.

By AARON L. VAN DER AA GENERAL MANAGER  
(Office Held)

*Aaron L. Van Der AA*  
(Signature)

**CORPORATE ACKNOWLEDGMENT**

There appeared before me this 03 day of DECEMBER, 2001, AARON L. VAN DER AA, who was first duly sworn on oath, and stated that s/he was and is the GENERAL MANAGER of Hopkins Financial Services, Inc. and HE is authorized and empowered to sign this Consent to Entry of Order on behalf of Hopkins Financial Services, Inc. and to bind Hopkins Financial Services, Inc. to the terms hereof.

*Sheila L. Johnson*  
Signature of Notary Public  
Notary Public for the State of: Idaho  
My Commission expires: 7/27/2006

