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FISCAL SECTION

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

CORNERSTONE MORTGAGE CORP

ORDER NO. O-01-0030

CEASE AND DESIST ORDER AND  
CONSENT TO IMPOSITION OF CIVIL  
PENALTIES

To: John S. Bruce  
Cornerstone Mortgage Corp  
4500 SW Kruse Way Suite 240  
Lake Oswego OR 97035

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

**WHEREAS** Cornerstone Mortgage Corp wishes to resolve and settle this matter with the Director;

**NOW THEREFORE**, as evidenced by the authorized signatures subscribed on this order Cornerstone Mortgage Corp 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:

041702-017-001-001-0500-0000054000

1. Cornerstone Mortgage Corp (hereinafter "Respondent"), incorporated in Oregon on May 17, 1996 engages in residential mortgage transactions in Oregon or on

1 Oregon real property in expectation of compensation.

2 2. John S. Bruce is the sole owner of Respondent.

3 3. The Director first issued an Oregon residential mortgage lender license to  
4 Respondent on June 6, 1996.

5 4. The license was renewed on a timely basis in 1997 and again 1999.

6 5. The license renewal in 1999 carried an expiration date of June 5, 2001.

7 6. On June 5, 2001, the Director had not received a renewal application and  
8 cancelled the license for failure to renew.

9 7. On June 7, 2001, the Director received an incomplete application to renew the  
10 license and on June 15 2001, Respondent completed the application.

11 8. On June 15, 2001, the Director issued a renewal license.

12 9. Respondent was not licensed between June 5, 2001 and June 15, 2001.

13 10. Respondent took eight applications for Oregon residential mortgage  
14 transactions between June 5, 2001 and June 15, 2001.

### 15 CONCLUSIONS OF LAW

16 The Director **CONCLUDES** that:

17 1. Respondent violated ORS 59.845(1) by engaging in Oregon residential mortgage  
18 transactions while not licensed.

### 19 ORDER

20 The Director, pursuant to ORS 59.885(4), hereby **ORDERS** that Cornerstone  
21 Mortgage Corp will **CEASE AND DESIST** from violating any provision of Oregon  
22 Mortgage Lender Law, OAR 441-850-0005 through 441-885-0010 and any rule, order,  
23 or policy issued by the Director.

24 The Director, pursuant to ORS 59.996 hereby **ORDERS** Cornerstone Mortgage  
25 Corp to pay the State of Oregon a civil penalty of \$5,400.00. The civil penalty is based  
26 upon \$5,000.00 for engaging in unlicensed activity and \$400.00 for taking 8 loan

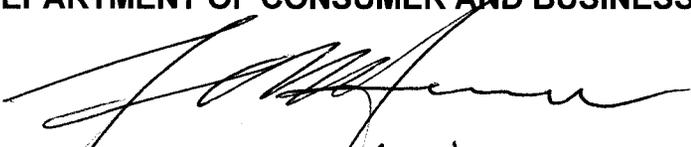
1 applications while not licensed (\$50 per application).

2 The Director suspends payment of \$4,860.00 of the assessed civil penalty for a  
3 three year period. If in the period between the date of the Order to three years from the  
4 date of the Order, Cornerstone Mortgage Corp violates any provision of the Oregon  
5 Mortgage Lender Law, OAR 441-850-0005 through 441-885-0010 or any rule, order, or  
6 policy issued by the Director, the suspended portion of the assessed civil penalty will  
7 become immediately due and payable. If Cornerstone Mortgage Corp does not violate  
8 the Oregon Mortgage Lender Law, OAR 441-850-0005 through 441-885-0010 or any  
9 rule, order, or policy issued by the Director in the three year period, the suspended  
10 portion of the civil penalty is waived. The date of the Order is the date the Director signs  
11 the Order.

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

14 Dated this 24<sup>th</sup> day of April, 2002

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

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

21  
22 **CONSENT TO ENTRY OF ORDER**

23 I, John S. Bruce, state that I am the  
24 President of Cornerstone Mortgage Corp, and I am authorized to act  
25 on its behalf; that I have read the foregoing Order and that I know and fully understand  
26 the contents hereof; that Cornerstone Mortgage Corp admits the findings of fact herein,

1 voluntarily consents to the entry of this Order without further hearing, expressly waiving  
2 any right to a hearing in this matter; that Cornerstone Mortgage Corp understands that  
3 the Director reserves the right to take further actions to enforce this order or to take  
4 appropriate action upon discovery of other violations of Oregon Mortgage Lender Law;  
5 and that Cornerstone Mortgage Corp will fully comply with Oregon Mortgage Lender  
6 Law.

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

8 Dated this 30<sup>th</sup> day of March, 2002.

9 By President  
10 \_\_\_\_\_ (Office Held)

11 [Signature]  
12 \_\_\_\_\_  
(Signature)

13 **CORPORATE ACKNOWLEDGMENT**

14 There appeared before me this 12<sup>th</sup> day of April, 2002,  
15 \_\_\_\_\_, who was first duly sworn on oath, and stated that s/he was  
16 and is the President of Cornerstone Mortgage Corp and  
17 John S. Bruce is authorized and empowered to sign this Consent to Entry of  
18 Order on behalf of Cornerstone Mortgage Corp and to bind Cornerstone Mortgage Corp  
19 to the terms hereof.

20  
21 Erin J. Boone  
22 Signature of Notary Public  
23 Notary Public for the State of: Oregon  
24 My Commission expires: 11/24/02

