

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

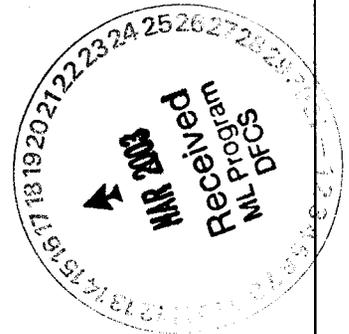
In the Matter of

OCEANFRONT MORTGAGE INC.  
DBA OCEAN MORTGAGE

ORDER NO. O-02-0068

CEASE AND DESIST ORDER AND  
CONSENT TO IMPOSITION OF CIVIL  
PENALTIES

To: Oceanfront Mortgage Inc. dba Ocean Mortgage  
4901 Morena Boulevard Suite 202  
San Diego, California 92117



**WHEREAS** the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter "the Director") conducted an investigation of Oceanfront Mortgage Inc. dba Ocean Mortgage, and determined that Oceanfront Mortgage Inc. dba Ocean Mortgage engaged in activities constituting violations of ORS 59.840 through 59.980 (hereinafter "the Oregon Mortgage Lender Law"); and

**WHEREAS** Oceanfront Mortgage Inc. dba Ocean Mortgage wishes to resolve and settle this matter with the Director;

**NOW THEREFORE**, as evidenced by the authorized signatures subscribed on this order Oceanfront Mortgage Inc. dba Ocean Mortgage 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. Oceanfront Mortgage Inc. dba Ocean Mortgage (hereinafter "Respondent"),

031703-037-003-001-0500-000025 01/00

1 incorporated in California on April 13, 1998 engages in residential mortgage transactions  
2 in Oregon or on Oregon real property in expectation of compensation.

3 2. The Director first issued an Oregon residential mortgage lender license  
4 (hereinafter "license") to Respondent on August 31, 1998.

5 3. Lance Nowak is the sole owner of Respondent.

6 4. On October 12, 2001, the Director sent notice to all licensees that there had  
7 been changes in the Oregon Mortgage Lender Law and proposed changes in the  
8 administrative rules.

9 5. In January 2002, the Director published a new issue of the Mortgage Lender  
10 News on the web site that included an explanation of the new notification requirements.

11 6. On February 14, 2002, the Director sent a notice to all licensees that the final  
12 rules had been approved and were available on the web site along with the January  
13 2002 issue of the Mortgage Lender News that explained the new requirements.

14 7. On July 24, 2002, the Director sent a letter to Respondent informing  
15 Respondent that the Director had not received notification of Respondent's loan  
16 originators and requesting that Respondent provide the required information by  
17 September 1, 2002 to avoid civil penalties.

18 8. On September 1, 2002, the Director had not received notification of  
19 Respondent's loan originators.

20 9. On September 11, 2002, the Director had not received a renewal application  
21 for Respondent's license and correspondingly cancelled Respondent's license for failure  
22 to renew the license effective September 11, 2002.

23 10. On November 5, 2002, the Director received an application to issue a license  
24 to Respondent.

25 11. The application contained the only information regarding Respondents' loan  
26 originators that the Director has received and it only provided information for loan

1 originators Lance Nowak, Robert Peeleman and Joe Tyra.

2 12. On November 6, 2002, the Director issued a license to Respondent.

3 13. On November 6, 2002, the Director sent a letter to Respondent requesting  
4 information regarding any Oregon residential mortgage transactions that Respondent  
5 engaged in between September 12, 2002 and November 5, 2002, the period for which  
6 Respondent did not have a license.

7 14. On November 19, 2002, the Director received a letter from Respondent  
8 indicating that one loan application was taken by loan originator David Maiolo on  
9 September 10, 2002 and funded on October 31, 2002.

10 15. The November 19, 2002 letter was the only notification provided to the  
11 Director that David Maiolo was a loan originator for Respondent.

12 16. The November 19, 2002 letter indicating that David Maiolo had originated the  
13 loan did not contain the start date of the loan originator, the current business and home  
14 address, date of birth, telephone number and e-mail address of David Maiolo, the social  
15 security number or a physical description of the loan originator and a certification of  
16 compliance by the David Maiolo with the provisions of ORS 59.937(2), 59.969(4)(a) and  
17 (b) and 59.971.

18 17. Respondent has indicated that it has only originated one loan in the state of  
19 Oregon in the past year and the borrower was only charged \$495.

20  
21 **CONCLUSIONS OF LAW**

22 The Director **CONCLUDES** that:

- 23 1. Respondent violated OAR 441-880-0030(1) by failing to produce the required  
24 information about Respondent's loan originators by January 30, 2002.  
25 2. Respondent violated ORS 59.969(1) by failing to provide to the Director information  
26 about Respondent's loan originators.

1 3. Respondent violated OAR 441-880-0030(3) by failing to provide notice to the  
2 Director containing the start date of the loan originator, the current business and home  
3 address, date of birth, telephone number and e-mail address of the loan originator, the  
4 social security number or a physical description of the loan originator and a certification  
5 of compliance by the loan originator with the provisions of ORS 59.937(2), 59.969(4)(a)  
6 and (b) and 59.971.

7  
8 **ORDER**

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

13 The Director, pursuant to ORS 59.996 hereby **ORDERS** Oceanfront Mortgage  
14 Inc. dba Ocean Mortgage to pay the State of Oregon a civil penalty of \$5,000.

15 The Director suspends payment of \$2500 of the assessed civil penalty for a three  
16 year period. If in the period between the date of the Order to three years from the date  
17 of the Order, Oceanfront Mortgage Inc. dba Ocean Mortgage violates any provision of  
18 the Oregon Mortgage Lender Law. OAR 441-850-0005 through 441-885-0010 or any  
19 rule, order, or policy issued by the Division, the suspended portion of the assessed civil  
20 penalty will become immediately due and payable. If Oceanfront Mortgage Inc. dba  
21 Ocean Mortgage does not violate the Oregon Mortgage Lender Law, OAR 441-850-  
22 0005 through 441-885-0010 or any rule, order, or policy issued by the Division in three  
23 years from the date of the Order, the suspended portion of the civil penalty is waived.

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

1 Dated this 20th day of MARCH, 2003.

2 **CORY STREISINGER, DIRECTOR**  
3 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**

4  
5 by 

6 **FLOYD G. LANTER, ADMINISTRATOR**  
7 **DIVISION OF FINANCE AND CORPORATE SECURITIES**

8 **CONSENT TO ENTRY OF ORDER**

9 I, LANCE NOWAK, state that I am the  
10 PRESIDENT of Oceanfront Mortgage Inc. dba Ocean Mortgage, and I am  
11 authorized to act on its behalf; that I have read the foregoing Order and that I know and  
12 fully understand the contents hereof; that Oceanfront Mortgage Inc. dba Ocean  
13 Mortgage admits the findings of fact herein, voluntarily consents to the entry of this  
14 Order without further hearing, expressly waiving any right to a hearing in this matter; that  
15 Oceanfront Mortgage Inc. dba Ocean Mortgage understands that the Director reserves  
16 the right to take further actions to enforce this order or to take appropriate action upon  
17 discovery of other violations of Oregon Mortgage Lender Law; and that Oceanfront  
18 Mortgage Inc. dba Ocean Mortgage will fully comply with Oregon Mortgage Lender Law.

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

20 Dated this 11<sup>TH</sup> day of MARCH, 2003.

21 By LANCE NOWAK President  
22 (Office Held)

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(Signature)

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**CORPORATE ACKNOWLEDGMENT**

There appeared before me this 11<sup>th</sup> day of March, 2003,  
Lance Nowak, who was first duly sworn on oath, and stated that s/he was  
and is the President of Oceanfront Mortgage Inc. dba Ocean Mortgage  
and Lance Nowak is authorized and empowered to sign this Consent to Entry  
of Order on behalf of Oceanfront Mortgage Inc. dba Ocean Mortgage and to bind  
Oceanfront Mortgage Inc. dba Ocean Mortgage to the terms hereof.

  
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Signature of Notary Public  
Notary Public for the State of: California  
My Commission expires: 9/29/05

