

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

O-03-0014

7 TERRELL R. LOOMIS DBA THE
8 MORTGAGE STORE OF MEDFORD

9 CEASE AND DESIST ORDER AND
10 CONSENT TO IMPOSITION OF CIVIL
11 PENALTIES

12 To: Terrell R. Loomis

13 Terrell R. Loomis dba The Mortgage Store of Medford

14 3001 Crater Lake Ave Ste A

15 Medford, Oregon 97504



16 WHEREAS the Director of the Department of Consumer and Business Services,
17 Division of Finance and Corporate Securities (hereinafter "Director") for the State of
18 Oregon has conducted an investigation of Terrell R. Loomis dba The Mortgage Store
19 of Medford (hereinafter "Respondent"), and has determined that Respondent engaged
20 in activities constituting violations of ORS 59.840 through 59.965 and the administrative
21 rules from OAR 441-850-005 to 441-885-0010 (hereinafter [the Oregon Mortgage
22 Lender Law]); and

23 WHEREAS Respondent wishes to resolve and settle this matter with the Director;

24 NOW THEREFORE, as evidenced by the authorized signatures subscribed on
25 this Order, Respondent hereby **CONSENTS** to entry of this order upon the Director's
26 Findings of Fact and Conclusions of Law as stated hereinafter:

FINDINGS OF FACT

The Director **FINDS** that:

052903-032-003-001-0500-0000010000

1. Respondent is an Oregon sole proprietorship formed on February 2, 1999.

2. The Director first issued a mortgage banker/broker license to Respondent on

1 May 20, 1999. Respondent has been continuously licensed since then and
2 Respondent's license is currently set to expire on May 18, 2004.

3 3. Terrell R. Loomis is the sole owner of Respondent.

4 4. On October 31, 2000, the Director obtained a copy of the Nickel dated
5 October 26, 2000 which contained an advertisement by Respondent (hereinafter "the
6 October 31, 2000 advertisement").

7 5. The October 31, 2000 advertisement contained a note rate and an annual
8 percentage rate, however the annual percentage rate was not as conspicuous as the
9 note rate as required by the Truth in Lending Act (hereinafter "TILA") at 12 CFR
10 226.24(b) because the annual percentage rate was noticeably smaller in type size than
11 the note rate.

12 6. On October 31, 2000, the Director spoke with Respondent regarding the
13 violations of TILA and sent Respondent a letter confirming the violations of TILA in the
14 advertisement, indicating where Respondent could find information about correct
15 advertising and warning Respondent that further violations may result in civil penalties.

16 7. On March 22, 2002, the Director obtained a copy of an advertisement placed
17 by Respondent in the March 21, 2002 edition of the Nickel (hereinafter "the March 21,
18 2002 advertisement").

19 8. The March 21, 2002 advertisement listed a note rate but not an annual
20 percentage rate in violation of TILA at 12 CFR 226.24(b).

21 9. On March 22, 2002, the Director sent Respondent a letter noting the violation
22 of TILA in the March 21, 2002 advertisement and directing Respondent on how to obtain
23 information about correct advertising.

24 10. Respondent does not acknowledge receiving the letter the Director sent on
25 March 22, 2002.

26 11. On March 10, 2003, the Director obtained a copy of an advertisement placed

1 in the Nickel but could not identify which issue.

2 12. On March 10, 2003, the Director contacted The Nickel and made
3 arrangements to be sent copies of recent editions.

4 13. On March 13, 2003, the Director received copies of the February 20, February
5 27 and March 6, 2003 editions of The Nickel.

6 14. Each of the three editions contained the same advertisement by Respondent.

7 15. The advertisement showed a comparison of the total payment per \$1,000 of
8 new loan and the total interest paid for \$100,000 for the number of years of the loan.

9 16. Respondent asserts that the advertisement was not for rates listed as the
10 current rates were actually lower than the rates that were advertised. Respondent
11 asserts that the advertisement was to educate consumers on how small rate changes
12 affect the payment and total interest paid for the life of the loan.

13 17. Respondent did not realize that the requirements of TILA applied to the
14 comparison chart that he advertised since the chart was merely an education tool and
15 not intended as an advertisement of the rates available.

16 18. The advertisements contained several note rates used in the comparison of
17 the various payments and interest paid but did not include corresponding annual
18 percentage rates for the note rates which is a technical violation of TILA at 12 CFR
19 226.24(b).

20 19. The advertisements listed 30 and 15 year loans and the monthly payment per
21 \$1,000 of new loan for several different interest rates, all of which are technically trigger
22 terms as defined in TILA at 12 CFR 226.24(c)(1)(ii).

23 20. The advertisements did not contain the amount or percentage of down
24 payment as required by the advertising regulations of TILA at 12 CFR 226.24(c)(2)(i)
25 since the advertisement contained trigger terms.

26 21. The advertisement did not contain the annual percentage rate as required by

1 the advertising regulations of the Truth in Lending Act at 12 CFR 226.24(c)(2)(ii) when
2 a trigger term is present in the advertisement.

3 22. The advertisements contained a note rate of 2.75% which would correspond
4 to a variable rate product but did not contain a disclosure that the rate was subject to
5 change as required by TILA at 12 CFR 226.16(b)(2).

6 23. Respondent does not agree that Respondent violated ORS 59.865(2) by
7 engaging in an illegal practice in any business or profession by violating 12 CFR
8 226.24(c)(2)(i), 12 CFR 226.24(c)(2)(iii) and 12 CFR 226.16(b)(2) as noted in the fifth
9 Conclusion of Law in the following section.

10 24. Despite the disagreement between the Director and Respondent with regard
11 to whether there was or was not a violation of ORS 59.865(2), Respondent does admit
12 that: 1) the advertisements did not fully comply with the advertising requirements of
13 TILA, 2) the Director does have subject matter jurisdiction to require mortgage lender
14 licensees to comply with the advertising requirements of TILA and 3) the Director may
15 take enforcement action under state law for those advertisements that do not comply
16 with the requirements of TILA.

17 **CONCLUSIONS OF LAW**

18 The Director **CONCLUDES** that:

19 1. Respondent violated 12 CFR 226.24(b) by failing to list the annual percentage
20 rate when the company listed a note rate in the advertisements placed in the February
21 20, February 27, and March 6, 2003 advertisements.

22 2. Respondent violated 12 CFR 226.24(c)(2)(i) by failing to disclose the amount
23 or percentage of down payment required when Respondent placed the trigger term "15
24 year" and the trigger terms in the listing of the payment amount per \$1,000 of the new
25 loan in the February 20, February 27, and March 6, 2003 advertisements.

26 3. Respondent violated 12 CFR 226.24(c)(2)(ii) by failing to disclose the annual

1 percentage rate when Respondent placed the trigger term "15 year" and the trigger
2 terms in the listing of the payment amount per \$1,000 of the new loan in the February
3 20, February 27, and March 6, 2003 advertisements.

4 4. Respondent violated 12 CFR 226.16(b)(2) when Respondent failed to note
5 that the rate listed in the advertisement was subject to increase or otherwise subject
6 change since it was for a variable rate loan.

7 5. Respondent violated ORS 59.865(2) by engaging in an illegal practice in any
8 business or profession by violating 12 CFR 226.24(c)(2)(i), 12 CFR 226.24(c)(2)(iii) and
9 12 CFR 226.16(b)(2).

10 **ORDER**

11 The Director, pursuant to ORS 59.885(4), hereby **ORDERS** that Terrell R.
12 Loomis dba The Mortgage Store of Medford will **CEASE AND DESIST** from violating
13 any provision of Oregon Mortgage Lender Law.

14 The Director, pursuant to ORS 59.996 hereby **ORDERS** Terrell R. Loomis dba
15 The Mortgage Store of Medford to pay the State of Oregon a civil penalty of \$5,000 for
16 the advertising violations.

17 The Director suspends payment of \$2,500 of the assessed civil penalty for a
18 three year period. If in the period between the date of the Order to three years from the
19 date of the Order or until the non-suspended portion of the civil penalty has been paid,
20 whichever occurs later, Terrell R. Loomis dba The Mortgage Store of Medford violates
21 any provision of the Oregon Mortgage Lender Law, OAR 441-850-0005 through 441-
22 885-0010 or any rule, order, or policy issued by the Division, the suspended portion of
23 the assessed civil penalty will become immediately due and payable. If Terrell R.
24 Loomis dba The Mortgage Store of Medford does not violate the Oregon Mortgage
25 Lender Law, OAR 441-850-0005 through 441-885-0010 or any rule, order, or policy
26 issued by the Division in three years from the date of the Order or until the non-

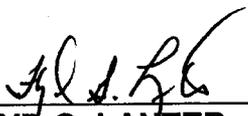
1 suspended portion of the civil penalty has been paid, whichever occurs later, the
2 suspended portion of the civil penalty is waived.

3 The \$2,500 non-suspended portion of the civil penalty may be paid in minimum
4 monthly installments of \$100. The first payment is due no later than June 1, 2003 and
5 payment shall be due thereafter on the first day of each month until the \$2,500 non-
6 suspended portion of the civil penalty is paid in full.

7 The date of this order is the day the Director signs the order. The entry of this
8 Order in no way limits further remedies which may be available to the Director under
9 Oregon law for any violation not noted in this administrative order. The Director
10 considers the matter with regard to the violations noted this order to be complete with
11 the entry of this order.

12 Dated this 21ST day of MAY, 2003.

13
14 **CORY STREISINGER, DIRECTOR**
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

15
16
17 by 
18 **FLOYD G. LANTER, ADMINISTRATOR**
DIVISION OF FINANCE AND CORPORATE SECURITIES

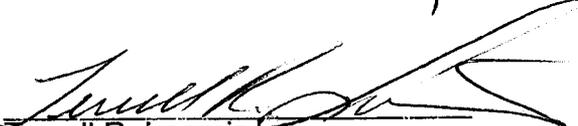
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20 **CONSENT TO ENTRY OF ORDER**

21 I, Terrell R. Loomis, state that I have read the foregoing Order and that I know
22 and fully understand the contents hereof; that I admit the findings of fact herein,
23 voluntarily consent to the entry of this Order without further hearing, expressly waiving
24 any right to a hearing in this matter; that I understand that the entry of this Order in no
25 way limits further remedies which may be available to the Director under Oregon law for
26 any violation not noted in this administrative order but that the Director considers the

1 matter with regard to the violations noted this order to be complete with the entry of this
2 order; and that I will fully comply with Oregon Mortgage Lender Law.

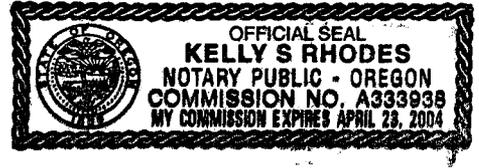
3 I understand that this Consent Order is a public document.

4 Dated this 21st day of May, 2003.

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6 
7 Terrell R. Loomis

8 Signed before me this 21st day of May, 2003

9 
10 Signature of Notary Public
11 Notary Public for the State of: Oregon, County of Jackson
12 My Commission expires: April 23, 2004



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