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**DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
DIVISION OF FINANCE AND CORPORATE SECURITIES  
ENFORCEMENT UNIT**

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**

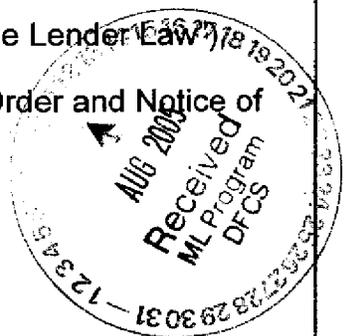
**In the Matter of:**  
  
**Columbia Funding Group Inc.,**  
  
**Respondent.**

**M-05-0007**

**ORDER TO CEASE AND DESIST  
ORDER ASSESSING CIVIL PENALTIES**

**And  
CONSENT TO ENTRY OF ORDER**

The Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter "the Director") acting by the authority of the Chapter 59 of the Oregon Revised Statutes (hereinafter cited as "the Oregon Mortgage Lender Law") hereby issues the following Findings of Fact, Conclusions of Law, Order and Notice of Right to a Public Hearing:



**FINDINGS OF FACT**

The Director **FINDS** that:

1. Columbia Funding Group, Inc. (hereinafter "Respondent") is an Oregon corporation licensed by the Director to engage in Oregon residential mortgage lending since June 28, 2001.

2. Thomas Bradley Jr. owns 75% of Respondent. Lisa Bradley owns 25% of Respondent. David Garza is a loan originator for Respondent.

3. Respondent ordered a full 1004 appraisal of the Oregon residential real property located at 244 NE 56<sup>th</sup> Avenue in Hillsboro, Oregon 97124 through Williams Associates Real Estate Appraisers, Inc. (hereinafter "WAREA") in connection with a mortgage loan that Respondent was attempting to arrange for Oregon consumers.

4. WAREA accepted the appraisal assignment from Respondent, appraised the property, and provided Respondent with the value derived from the appraisal.

081105-036-004-001-0500-0000200000

*Entered in LEAR 8-15-05*

Division of Finance and Corporate Securities  
Labor and Industries Building  
350 Winter Street NE, Suite 410  
Salem, OR 97301-3881  
Telephone: (503) 378-4140





1 5. Respondent was unable to use the appraisal completed by WAREA because the  
2 value was not sufficient to meet Respondent's needs.

3 6. WAREA attempted to collect payment from Respondent for the appraisal service  
4 provided.

5 7. Respondent did not send WAREA payment in response to WAREA's request for  
6 payment for the appraisal services rendered.

7 8. Instead, David Garza sent a letter to WAREA dated January 20, 2004 stating that  
8 "For whatever reason, your appraiser took the liberty to do the appraisal when you  
9 never intended to arrive at the price that we needed to close this transaction.

10 9. The January 20, 2004 letter further stated, "We told the appraiser that it is of no  
11 good to us if we can't get the value of the offer."

12 10. In the letter, David Garza derides the appraiser's decision about what should be  
13 included in the value of the home in the comment "this was a brand new home and the  
14 buyer decided they wanted a few upgrades that your appraiser didn't want to include."

15 11. David Garza further noted in the letter that it had attempted to get the appraiser  
16 to change the value in the statement: "if you [sic] appraiser would have done a little bit  
17 of work, and adjusted the value, this would not have been an issue and we would have  
18 closed this transaction on time. Both the Realtor and I tried to convince her to make the  
19 change, the appraiser would not do it."

20 12. David Garza provided comparable sales data to WAREA in an attempt to get  
21 WAREA to change the value. WAREA rejected the comparable sales data provided by  
22 David Garza.

23 13. Respondent obtained an appraisal from another appraiser which Respondent  
24 used to close the transaction.

25 14. WAREA reviewed that appraisal and found that the comparable sales data used  
26 was older than that which WAREA used. In the one instance where WAREA and the

1 other appraiser used the same comparable sale, WAREA took into account the sales  
2 concessions made whereas the other appraiser did not.

3 15. Respondent did not authorize David Garza to write the letter or deny payment to  
4 WAREA for services rendered.

5 16. Respondent has since implemented a policy and provided education to its loan  
6 originators regarding appraisals.

7 17. The Director acknowledges that Respondent does not admit to the Findings of  
8 Fact or Conclusions of Law contained in this order but Respondent, wishing to settle  
9 this matter, agrees to abide by the orders contained herein.

#### 10 CONCLUSIONS OF LAW

11 The Director **CONCLUDES** that:

12 1. Respondent violated ORS 59.865(15), failure to supervise diligently and control  
13 the mortgage-related activities of a loan originator. Respondent failed to adequately  
14 supervise its employees by failing to have written policies in place that govern the  
15 permissible amount of contact with an appraiser that is involved with appraiser the  
16 underlying property for a loan. Respondent has since corrected that violation.

#### 17 ORDER

18 The Director, pursuant to ORS 59.885(4) hereby **ORDERS** that Columbia  
19 Funding Group, Inc. will **CEASE AND DESIST** from any further violations of ORS  
20 59.865(15) as outlined above.

21 The Director, pursuant to ORS 59.996 hereby **ORDERS** Columbia Funding  
22 Group, Inc. to pay the State of Oregon a civil penalty of \$5,000 for the violation of ORS  
23 59.865(2).

24 The Director suspends payment of \$3,000 of the assessed civil penalty for a  
25 three-year period. If in the period between the date of the Order to three years from the  
26 date of the Order, Respondent violates any provision of the Oregon Mortgage Lender

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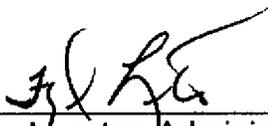


1 Law, OAR 441-850-0005 through 441-885-0010 or any rule, order, or policy issued by  
2 the Director, the suspended portion of the assessed civil penalty will become  
3 immediately due and payable. If Respondent does not violate the Oregon Mortgage  
4 Lender Law, OAR 441-850-0005 through 441-885-0010 or any rule, order, or policy  
5 issued by the Director in three years from the date of the Order, the suspended portion  
6 of the civil penalty is waived.

7 The date of this order is the day the Director or Director's nominee signs the  
8 order. The entry of this Order in no way limits further remedies which may be available  
9 to the Director under Oregon law.

10 Dated this 15th day of August, 2005, at Salem, Oregon.

12 CORY STREISINGER, Director  
13 Department of Consumer and Business Services

14   
15 \_\_\_\_\_  
16 Floyd Lanter, Administrator  
17 Division of Finance and Corporate Securities

18 **CORPORATE CONSENT TO ENTRY OF ORDER**

19 I, Thomas Bradley Jr., state that I am an officer of Columbia Funding Group, Inc.,  
20 and I am authorized to act on its behalf; that I have read the foregoing Order and that I  
21 know and fully understand the contents herein; that I and this entity have been advised  
22 of the right to a hearing and of the right to be represented by counsel in this matter; that  
23 Columbia Funding Group, Inc. voluntarily and without any force or duress, consents to  
24 the entry of this Order without admitting the Findings of Fact or Conclusions of Law  
25 contained herein but agreeing to be bound by the orders herein, expressly waiving any  
26 right to a hearing in this matter; that Columbia Funding Group, Inc. understands that the  
Director reserves the right to take further actions to enforce this Order or to take

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1 appropriate action upon discovery of other violations of the Oregon Mortgage Lender  
2 Law; and that Columbia Funding Group, Inc. will fully comply with the terms and  
3 conditions stated herein.

4 Columbia Funding Group, Inc. further assures the Director that neither Columbia  
5 Funding Group, Inc., nor its officers, directors, employees or agents will effect mortgage  
6 transactions in Oregon unless such activities are in full compliance with Chapter 59 of  
7 the Oregon Revised Statutes.

8 Columbia Funding Group, Inc. understands that this Consent Order is a public  
9 document.

10 Dated this 5<sup>th</sup> day of August, 2005.

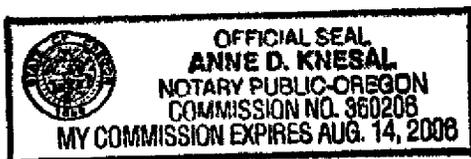
11  
12 By Thomas Bradley  
(Signature of officer)

13  
14 Chairman  
(Office Held)

15  
16 **CORPORATE ACKNOWLEDGMENT**

17 There appeared before me this 5<sup>th</sup> day of August, 2005, Thomas Bradley Jr.,  
18 who was first duly sworn on oath, and stated that he was and is an officer of Columbia  
19 Funding Group, Inc. and that he is authorized and empowered to sign this Consent to  
20 Entry of Order on behalf of Columbia Funding Group, Inc., and to bind Columbia  
21 Funding Group, Inc. to the terms hereof.

22  
23 Anne D. Knesal  
(Individual)



24  
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26

Anne D. Knesal  
(Printed Name of Notary Public)  
Notary Public  
for the State of: Oregon  
My commission expires: 8/14/06

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