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DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCE AND CORPORATE SECURITIES
FINANCE SECTION

DFCS CASHIERING

BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

In the Matter of:

Town & Country Home Loans, Inc.,

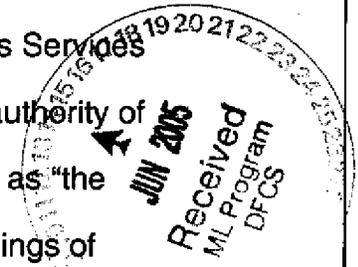
Respondent.

M-05-0047

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. Town & Country Home Loans, Inc. (hereinafter "Respondent") is an Oregon corporation licensed by the Director to engage in Oregon residential mortgage lending since May 15, 2001.
2. Charles Arnell is the sole owner of Respondent.
3. Respondent employed Babak Sehat as a loan originator in April 2003.
4. While employed as a loan originator for Respondent, Babak Sehat originated in Respondent's name at least three loans for Shams Bonakdar secured by Oregon residential real property (hereinafter "Bonakdar loans").
5. In connection with the Bonakdar loans, Shams Bonakdar was provided Truth in Lending Disclosures, otherwise known as TIL disclosures, prepared at the direction of

061405-039-001-001-0500-0000250000

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Labor and Industries Building
350 Winter Street NE, Suite 410
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1 or by Babak Sehat in Respondent's name that did not include required disclosures
2 regarding: 1) whether the loans would have prepayment penalties, 2) what the late
3 payment fees would be for the loans, 3) whether the loans are assumable, and 4) what
4 insurance is required by the lender.

5 6. The incomplete TIL disclosures prepared for the Bonakdar loans were signed by
6 Shams Bonakdar then placed in the Bonakdar loan files by or at the direction of Babak
7 Sehat.

8 7. Respondent was not aware of what transpired on the Bonakdar loans including
9 that the disclosures were not complete.

10 8. Respondent has implemented changes to its supervision and control of its loan
11 originators to prevent future occurrences of the problems noted with the Bonakdar
12 loans.

13 9. Respondent wishes this matter to be resolved and is consenting to this order
14 despite disputing the Conclusions of Law and without admitting the Findings of Fact.

15 CONCLUSIONS OF LAW

16 The Director **CONCLUDES** that:

17 1. Respondent violated ORS 59.865(15) by failing to supervise diligently and control
18 the mortgage-related activities of its loan originator Babak Sehat such that Babak Sehat
19 provided incomplete TIL disclosures to Shams Bonakdar in connection with three loans,
20 and that Respondent disputes this Conclusion.

21 ORDER

22 The Director, pursuant to ORS 59.885(4) hereby **ORDERS** that Respondent will
23 **CEASE AND DESIST** from violating any provision of Oregon Mortgage Lender Law,
24 OAR 441-850-0005 through 441-885-0010 and any rule, order or policy issued by the
25 Division.
26

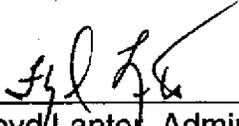
1 The Director, pursuant to ORS 59.996 hereby **ORDERS** Respondent to pay the
2 State of Oregon a civil penalty of \$5,000 for the one violation of ORS 59.865(15).

3 The Director suspends payment of \$2,500 of the assessed civil penalty for a
4 three-year period. If in the period between the date of the Order to three years from the
5 date of the Order, Respondent or any entity in which Mr. Arnell holds, either directly or
6 indirectly, a majority interest violates any provision of the Oregon Mortgage Lender Law,
7 OAR 441-850-0005 through 441-885-0010 or any rule, order, or policy issued by the
8 Director, the suspended portion of the assessed civil penalty will become immediately
9 due and payable. If Respondent and/or any entity in which Mr. Arnell holds, either
10 directly or indirectly, a majority interest does not violate the Oregon Mortgage Lender
11 Law, OAR 441-850-0005 through 441-885-0010 or any rule, order, or policy issued by
12 the Director in three years from the date of the Order, the suspended portion of the civil
13 penalty is waived.

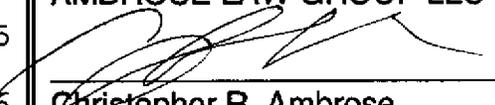
14 The date of this order is the day the Director or Director's nominee signs the
15 order. The entry of this Order in no way limits further remedies which may be available
16 to the Director under Oregon law.

17 Dated this 20th day of JUNE, 2005, at Salem, Oregon.

18
19 **CORY STREISINGER, Director**
20 **Department of Consumer and Business Services**

21
22 
23 **Floyd Lanter, Administrator**
Division of Finance and Corporate Securities

24 **APPROVED AS TO FORM:**
25 **AMBROSE LAW GROUP LLC**

26 
Christopher R. Ambrose
Attorney for Respondent

Dated: 6-9-05

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1 **CORPORATE CONSENT TO ENTRY OF ORDER**

2 I, Charles Arnell, state that I am the owner and President of Respondent, and
3 am authorized to act on its behalf; that I have read the foregoing Order and that I know
4 and fully understand the contents hereof; that I and this entity have been advised of the
5 right to a hearing and of the right to be represented by counsel in this matter; that
6 Respondent voluntarily and without any force or duress, consents to the entry of this
7 Order, expressly waiving any right to a hearing in this matter; that this consent is
8 resolution of disputed claims; that Respondent expressly denies liability and dispute
9 the Director's Conclusions set forth above; that nothing contained in this Consent Order
10 shall be construed as an admission of liability; that Respondent understands that the
11 Director reserves the right to take further actions to enforce this Order or to take
12 appropriate action upon discovery of other violations of the Oregon Mortgage Lending
13 Law; and that Respondent will fully comply with the terms and conditions stated herein.

14 Respondent further assures the Director that neither Respondent, nor its officers
15 directors, employees or agents will effect mortgage transactions in Oregon unless such
16 activities are in full compliance with Chapter 59 of the Oregon Revised Statutes.

17 Respondent understands that this Consent Order is a public document.

18 Dated this 8 day of June, 2005.

19 TOWN & COUNTRY HOME LOANS, INC.

20
21 By 
22 Charles Arnell

23 _____
24 President

24 |||
25 |||
26 |||

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CORPORATE ACKNOWLEDGMENT

There appeared before me this 8 day of June, 2005, Charle Arnell, who was first duly sworn on oath, and stated that he was and is the owner and President of Respondent and that he is authorized and empowered to sign this Consent to Entry of Order on behalf of Respondent, and to bind Respondent to the terms hereof.

Adam M. Ansteth
(Individual)

Adam M. Ansteth
(Printed Name of Notary Public)
Notary Public
for the State of: Oregon
My commission expires: 1/4/08

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