

1 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
2 DIVISION OF FINANCE AND CORPORATE SECURITIES  
3 ENFORCEMENT SECTION  
4 BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

5 In the Matter of:

M-05-0090

6 1<sup>st</sup> Western Home Loans Inc.,

ORDER TO CEASE AND DESIST  
ORDER ASSESSING CIVIL PENALTIES

7 Respondent.

8 And  
9 CONSENT TO ENTRY OF ORDER

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

15 FINDINGS OF FACT

16 The Director FINDS that:

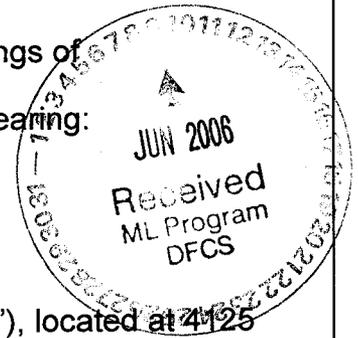
17 1. 1<sup>st</sup> Western Home Loans Inc. (hereinafter "Respondent"), located at 4125  
18 Blackhawk Plaza Circle, Suite 201, Danville CA 94506, is a California corporation that  
19 engages in residential mortgage lending as a mortgage broker or banker.

20 2. At all times relevant herein, Respondent was not licensed to engage in  
21 Oregon residential mortgage loan transactions.

22 3. In October 2004, the Director ceased issuing one-time exemptions to the  
23 licensing requirement, which required that mortgage brokers and bankers engaging in  
24 Oregon residential mortgage loan transactions must obtain a license from the Director.

25 4. On or about March 31, 2005 BNC Mortgage Inc. received from Respondent a  
26 one-time exemption letter dated March 23, 2005 on the Director's letterhead signed with

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Labor and Industries Building  
350 Winter Street NE, Suite 410  
Salem, OR 97301-3881  
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1 James Flaherty's signature to permit Respondent to complete a residential mortgage  
2 transaction for A [REDACTED] J [REDACTED] and M [REDACTED] R [REDACTED] for the Oregon real property  
3 located at 3 [REDACTED] W [REDACTED] G [REDACTED] C [REDACTED] R [REDACTED] in M [REDACTED], Oregon (hereinafter "the J [REDACTED]  
4 exemption letter").

5 5. On March 31, 2005, BNC Mortgage, Inc. sent the Director a copy of the J [REDACTED]  
6 exemption letter to confirm its validity.

7 6. The Director's records reveal that it did not issue the J [REDACTED] exemption letter.

8 7. James Flaherty affirms that he did not sign the J [REDACTED] exemption letter.

9 8. The Director did not license or otherwise authorize Respondent to engage in  
10 Oregon residential mortgage loan transactions, specifically including the transaction that  
11 is the subject of the J [REDACTED] exemption letter.

12 9. Respondent alleges that it did not create or authorize the creation of the  
13 J [REDACTED] exemption letter, but admits that a loan originator working for Respondent did  
14 obtain and forward the J [REDACTED] exemption letter to BNC Mortgage, Inc. without sufficient  
15 evidence to establish the legitimacy of the letter.

### 16 CONCLUSIONS OF LAW

17 The Director **CONCLUDES** that:

18 1. Respondent violated ORS 59.865(15) by failing to supervise Respondent's  
19 loan originator when the loan originator obtained the J [REDACTED] exemption letter and  
20 submitted it to BNC Mortgage, Inc. without sufficient evidence to establish the legitimacy  
21 of the letter.

### 22 ORDER

23 **NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:**

24 The Director, pursuant to ORS 59.885(4) hereby **ORDERS** that Respondent will  
25 **CEASE AND DESIST** from violating any provision of Oregon Mortgage Lender Law,  
26

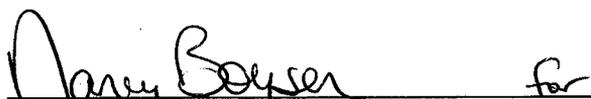
1 OAR 441-850-0005 through 441-885-0010 and any rule, order or policy issued by the  
2 Division.

3 The Director, pursuant to ORS 59.996 hereby **ORDERS** Respondent to pay the  
4 State of Oregon a civil penalty of \$2,500 for the violation of ORS 59.930(2).

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

8 Dated this 20<sup>th</sup> day of June, 2006, at Salem, Oregon.

9  
10 CORY STREISINGER, Director  
11 Department of Consumer and Business Services

12   
13 David Tatman, Acting Administrator  
14 Division of Finance and Corporate Securities

15  
16 **CORPORATE CONSENT TO ENTRY OF ORDER**

17 I, Valerie R. Sokol, state that I am an officer of  
18 Respondent, and I am authorized to act on its behalf; that I have read the foregoing  
19 Order and that I know and fully understand the contents hereof; that I and this entity  
20 have been advised of the right to a hearing and of the right to be represented by  
21 counsel in this matter; that Respondent voluntarily and without any force or duress,  
22 consents to the entry of this Order, expressly waiving any right to a hearing in this  
23 matter; that Respondent understands that the Director reserves the right to take further  
24 actions to enforce this Order or to take appropriate action upon discovery of other  
25 violations of the Oregon Mortgage Lender Law; and that Respondent will fully comply  
26 with the terms and conditions stated herein.

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

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

5 Dated this 7<sup>th</sup> day of June, 2006.

6  
7 By Vallerio P. Solal  
(Signature of officer)  
8 Pres. Dent  
9 \_\_\_\_\_  
(Office Held)

10 **CORPORATE ACKNOWLEDGMENT**

11  
12 There appeared before me this 7<sup>th</sup> day of June, 2006, , who was  
13 first duly sworn on oath, and stated that he was and is President of Respondent  
14 and that he is authorized and empowered to sign this Consent to Entry of Order on  
15 behalf of Respondent, and to bind Respondent to the terms hereof.

16  
17 [Signature]  
(Signature)

18  
19 Yvette Romero  
(Printed Name of Notary Public)  
20 Notary Public  
21 for the State of: California  
22 My commission expires: Oct. 18, 2007



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