

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:

6 Fairlane Mortgage, Inc.,

7 Respondent.

M-06-0043

8 ORDER TO CEASE AND DESIST
9 ORDER ASSESSING CIVIL PENALTIES

10 And
11 CONSENT TO ENTRY OF ORDER

12 WHEREAS the Director of the Department of Consumer and Business Services
13 for the State of Oregon (hereinafter "the Director") conducted an investigation of
14 Fairlane Mortgage, Inc. and determined that Fairlane Mortgage, Inc. engaged in
15 activities constituting violations of ORS 59.840 through 59.965 (hereinafter cited as the
16 Oregon Mortgage Lender Law); and

17 WHEREAS Fairlane Mortgage, Inc., does not admit the Findings of Fact and
18 Conclusions of Law herein, but wishes to resolve and settle this matter with the Director,

19 NOW THEREFORE, as evidenced by the authorized signature subscribed on
20 this order, Fairlane Mortgage, Inc. hereby **CONSENTS** to entry of this order upon the
21 Director's Findings of Fact and Conclusions of Law as stated hereinafter:

22 **FINDINGS OF FACT**

23 The Director **FINDS** that:

24 1. Fairlane Mortgage, Inc. (hereinafter "Respondent") is a corporation located at
25 34880 Road J.7 in Mancos, Colorado with a mailing address of 303 N. Broadway, Box
26 10, Cortez, Colorado 81321 that engages in residential mortgage transactions. Julie
Nodalske is the President and sole principle of Respondent. Fairlane Mortgage, Inc.
has never been licensed to engage in Oregon residential mortgage transactions.

2. At all times relevant herein, Gibraltar Funding Corp. (hereinafter Gibraltar) was a

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Telephone: (503) 378-4140





1 corporation located at 5011 Ocean Boulevard, Suite 305 in Sarasota, Florida. Gibraltar
2 was licensed to engage in Oregon residential mortgage transactions from October 11,
3 2005 through October 12, 2006. At all times relevant herein, Gibraltar was not licensed
4 to engage in Oregon residential mortgage transactions from any branch location. Eric
5 Christopherson owned 10% of the company and Zuzana Paduano owned the remaining
6 90% of the company.

7 3. Respondent does not originate Oregon residential mortgage loans, however, in
8 the spring of 2006, Respondent's owner's sister requested that Respondent obtain an
9 Oregon residential mortgage loan for the purchase of a primary residence in Bend,
10 Oregon (hereinafter "the Yun loan"). Respondent initially declined to do the loan.

11 4. After initially declining to do the Yun loan, on an unknown date prior to May 2006,
12 Respondent received a fax from Gibraltar advertising that Respondent could "use our
13 licenses for loans outside your area." The advertisement listed Oregon as a state in
14 which Gibraltar was approved and Respondent could do loans through Gibraltar.

15 5. Respondent contacted Gibraltar about originating an Oregon residential
16 mortgage loan. Respondent verified that Gibraltar was licensed to do Oregon
17 residential mortgage loans. Gibraltar assured Respondent that it could use Gibraltar's
18 license to originate the Yun loan.

19 6. On or about May 8, 2006, Respondent made application to Gibraltar for approval
20 to use Gibraltar's license to engage in mortgage transactions. As part of the application
21 process, Respondent completed a Broker Application & Background Information and a
22 Broker Agreement. The Broker Agreement listed Respondent as the "Broker" and set
23 forth in Section 1. of Article I that "Broker desires to submit loan application to Gibraltar
24 Funding Corp. for approval and/or funding/purchase, together with any required
25 documentation and all amendments, supplements and modification thereto." All the
26 other provisions of the Broker Agreement set forth a standard relationship allowing a



1 broker to submit loans for approval or purchase to Gibraltar. There was no contract or
2 application to process loans for Gibraltar.

3 7. Respondent was provided with instructions from Gibraltar regarding the data to
4 be used when processing for Gibraltar that included the name of the interviewer, Eric
5 Christopherson, and location to be listed on the application, which was the licensed
6 location of Gibraltar. The instructions also included a "general process description" that
7 directed "Before submitting your loan, please send us the GF REG package." The next
8 sentence of the description is that "We will add this loan to our internal pipeline and
9 make sure you have a user name and password for whichever lender you have
10 chosen." The GF REG package included a loan submittal form and loan application,
11 payment agreement and GF Remote Processing Contract/Pipeline Registration Form.

12 8. On May 11, 2006, Respondent accepted a residential loan application for the
13 Yun loan. The application listed Eric Christerpherson as the interviewer and listed
14 Gibraltar's licensed location for the location.

15 9. Respondent completed a Remote Processing Contract & Pipeline Registration
16 Form and Payment Agreement dated May 12, 2006 for the Yun loan. The Payment
17 Agreement anticipated that the broker check for completing the Yun loan would be
18 \$1,352.50 of which Gibraltar would receive a funding fee of \$595 and the remaining
19 \$757.50 would be transferred to the "Client," which was listed as Julie Nadolske.

20 10. On or about May 18, 2006, Gibraltar charged \$30.00 to a VISA card held by
21 Respondent or Julie Nadolske to pay for a credit report for the Yun loan.

22 11. On May 30, 2006, Wells Fargo Bank, N.A., which has offices in this state and is
23 a federal banking institution, issued a commitment to fund the Yun loan that listed
24 Gibraltar as the broker but "Fair Lane" as the broker contact. Wells Fargo Bank, N.A.
25 did not object to Respondent using Gibraltar's license to originate Yun loan.

26 12. On June 30, 2006, Wells Fargo Bank, N.A. funded the Yun loan. Gibraltar was



1 to receive \$1,851.20 in processing and broker fees for the Yun loan.

2 13. Following the close of the Yun loan, Respondent received a check payable to
3 Gibraltar for \$2,346.20 which represented broker and processing fees of \$1851.20 and
4 third-party fees for an appraisal and credit reports of \$495.00. Respondent
5 unsuccessfully attempted to locate Gibraltar to negotiate the check.

6 14. On July 10, 2006, Julie Nadolske as President of Respondent wrote a letter to
7 the escrow company to return the check issued to Gibraltar at the close of the Yun loan
8 requesting that it be reissued to Respondent or that the escrow company issue checks
9 to pay the appraisal and credit reports directly, return Gibraltar's fee to Brian and
10 Stephanie Yun and issue Respondent a check for the remainder of \$1,286.20. In the
11 letter, Respondent acknowledges that it "was paying him [Eric Christopherson of
12 Gibraltar] a fee of \$595 to use his company as a licensed company in the state of
13 Oregon."

14 15. Respondent has not originated any other Oregon residential mortgage loans
15 without approval of the Director, has no cause to originate any other Oregon residential
16 mortgage loans, and agrees not to originate any other Oregon residential mortgage
17 loans without the approval of the Director.

18 CONCLUSIONS OF LAW

19 The Director **CONCLUDES** that:

20 1. Respondent violated ORS 59.845(1) when Respondent negotiated a mortgage
21 loan for Brian and Stephanie Yun secured by residential real property located in Oregon
22 in expectation of compensation when Respondent did not have an Oregon license.

23 ORDER

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

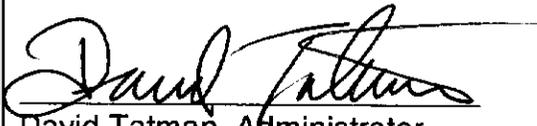
1 Division, including but not limited to originating any Oregon residential mortgage loan
2 transactions without a license.

3 The Director, pursuant to ORS 59.996 hereby **ORDERS** Respondent to pay the
4 State of Oregon a civil penalty of \$1,286.20 for the violation of ORS 59.845(1).

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 10th day of July, 2007, at Salem, Oregon.

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

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

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

17 I, Julie Nadolske, state that I am an officer of Respondent, and I am authorized to
18 act on its behalf; that I have read the foregoing Order and that I know and fully
19 understand the contents hereof; that I and this entity have been advised of the right to a
20 hearing and of the right to be represented by counsel in this matter; that Respondent
21 voluntarily and without any force or duress, consents to the entry of this Order
22 expressly waiving any right to a hearing in this matter, but does not admit the Findings
23 of Fact or Conclusions of Law herein; that Respondent understands that the Director
24 reserves the right to take further actions to enforce this Order or to take appropriate
25 action upon discovery of other violations of the Oregon Mortgage Lender Law; and that
26 Respondent will fully comply 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 3rd day of May, 2007.

6
7 By [Signature]
(Signature of officer)
8 President
9 (Office Held)

10
11 **CORPORATE ACKNOWLEDGMENT**

12 There appeared before me this 3rd day of May, 2007, Julie
13 Nadolske, who was first duly sworn on oath, and stated that she was and is
14 of Respondent and that she is authorized and empowered to sign this Consent to Entry
15 of Order on behalf of Respondent, and to bind Respondent to the terms hereof.

16
17 [Signature]
18 Notary Public
19 for the State of: Colorado
20 My commission expires: 5-28-08

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