

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-07-0029

6 Rystadt and Escobar, Inc.,

ORDER OF ISSUANCE OF CONDITIONAL  
MORTGAGE BANKER/BROKER LICENSE

7 Respondent.

8 CONSENT TO ENTRY OF ORDER

9  
10 WHEREAS the Director of the Department of Consumer and Business Services  
11 for the State of Oregon (hereinafter "the Director") conducted an investigation of Rystadt  
12 and Escobar, Inc. and determined that Rystadt and Escobar, Inc. engaged in activities  
13 constituting violations of ORS 59.840 through 59.965 (hereinafter cited as the Oregon  
14 Mortgage Lender Law); and

15 WHEREAS Rystadt and Escobar, Inc., wishes to resolve and settle this matter  
16 with the Director,

17 NOW THEREFORE, the Director GRANTS a conditional mortgage  
18 banker/broker license to Rystadt and Escobar until further order of the Director subject  
19 to renewal fee and document requirements. Rystadt and Escobar CONSENTS to entry  
20 of this order upon the Director's Findings of Fact and Conclusions of Law as stated  
21 hereinafter:

22 FINDINGS OF FACT

23 The Director FINDS that:

24 1. On May 7, 1998, the Director issued Curtis Rystadt a license to engage in  
25 residential mortgage lending as a sole proprietorship operating under the name Curtis  
26 Rystadt dba Rystadt & Escobar. The Director licensed Curtis Rystadt dba Rystadt &





1 Escobar to engage in Oregon residential mortgage lending continuously from May 7,  
2 1998 to May 7, 2003.

3 2. On March 5, 2003, Curtis Rystadt incorporated Rystadt and Escobar, Inc. in  
4 Oregon. Curtis Rystadt is the sole owner of Rystadt and Escobar, Inc.

5 3. On May 12, 2003, the Director issued Rystadt and Escobar, Inc. a license to  
6 engage in Oregon residential mortgage loans. Rystadt and Escobar, Inc. has been  
7 continuously licensed to engage in residential mortgage lending in Oregon since May  
8 12, 2003. The current license is set to expire on May 11, 2009.

9 4. On May 15, 2006, Rystadt and Escobar, Inc. (hereinafter collectively referred to  
10 as "Escobar" or "Respondent") and the Director entered into a consent order in case M-  
11 06-0021 (hereinafter "the Order") to issue a conditional license to Escobar. The Order,  
12 attached as Exhibit A, is hereby incorporated by reference.

13 5. On July 3, 2007, a Division of Finance and Corporate Securities (hereinafter  
14 "Division") Examiner completed an on-site examination of the books and records of  
15 Escobar (hereinafter "the 2007 examination"). The 2007 examination revealed that loan  
16 originator Reuven Shuval had not completed the required entry-level loan originator  
17 education, Escobar failed to maintain a signed application in one of seven borrower files  
18 reviewed, all seven files reviewed contained Truth in Lending disclosures that either  
19 included items that are not finance charges or failed to include items that are finance  
20 charges in the total of finance charges reported to the consumer, Escobar failed to  
21 disclose yield spread premiums on the good faith estimate or hand-wrote them on an  
22 otherwise typed form, failed to disclose on the Truth in Lending disclosure that two of  
23 seven loans reviewed had demand features and failed to complete the disclosures on  
24 the bottom half of the form, failed to include the term of loan, type of loan, loan fee and  
25 discount points as required the lock agreement in at least one borrower file, failed to  
26 obtain the borrower's signature on the lock agreement in a second file and allowed a

1 consumer to sign a form that indicated that the rate would both float and be locked in a  
2 third file. On a scale of 1 to 5, with 1 being outstanding and 5 being poor, Escobar  
3 received a 3.

4 6. As a result of the 2007 examination, the Director and Escobar agree that it is  
5 appropriate to continue the conditions imposed in the 2006 Order.

### 6 CONCLUSIONS OF LAW

7 The Director **CONCLUDES** that:

8 1. Escobar is the subject of the 2006 Order that places conditions on Escobar's  
9 mortgage lender license, which is grounds under ORS 59.865(8) to condition the license  
10 issued to Escobar.

### 11 ORDER

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

13 The Director, pursuant to ORS 59.865, ORS 59.860, ORS 59.880 and ORS  
14 59.885, hereby **ORDERS** that, effective the date of this order, a conditional Oregon  
15 mortgage banker/broker license shall be issued to Respondent until further order of the  
16 Director subject to renewal fee and document requirements. Notwithstanding the  
17 foregoing, Rystadt may, following an examination score of 3 (satisfactory) or better with  
18 no record of borrower complaints made to the Division, make written application to the  
19 Director for an unconditional license. The Director will review and act upon any  
20 application or request for licensing according to the current law, including any rights  
21 available to request a contested case hearing on any licensing or registration decision.  
22 This does not mean any request will be granted, but the request will be reviewed by the  
23 Director. The conditional license shall be subject to the following conditions such that if  
24 Respondent fails to comply with the conditions Respondent agrees that the license shall  
25 be revoked immediately:

26 1. Respondent will comply with ORS 59.840 through 59.996, OAR 441-850-





1 0005 through 441-885-0010 and any rule, order or policy issued by the  
2 Director, including but specifically not limited to:

- 3 a) Respondent shall notify the Director within 30 days of the hire or  
4 termination of a loan originator;
- 5 b) Respondent shall obtain a criminal records check prior to the hire of a  
6 loan originator;
- 7 c) Respondent shall not employ any loan originator who has not completed  
8 the required entry-level or continuing education requirements in  
9 compliance with OAR 441-880-0020;
- 10 d) Respondent shall immediately terminate any loan originator who has not  
11 completed the required entry-level or continuing education in compliance  
12 with OAR 441-880-0020;
- 13 e) Respondent shall maintain personnel records in compliance with OAR  
14 441-865-0050;
- 15 f) Respondent shall provide each borrower all disclosures required by the  
16 Truth in Lending Act prior to the close of any mortgage; and
- 17 g) Respondent shall maintain a compliant rate lock or float agreement in  
18 each borrower file.

19 2. Respondent shall continuously employ a compliance supervisor acceptable  
20 to the Director who will be responsible for ensuring that Respondent  
21 complies with the requirements of ORS 59.840 through 59.996, OAR 441-  
22 850-0005 through 441-885-0010 and any rule, order or policy issued by the  
23 Director. If Respondent does not have in its employ a compliance  
24 supervisor, regardless of the reason for that failure, Respondent shall notify  
25 the Director within three working days that Respondent no longer satisfies  
26 this requirement and shall provide to the Director within one week of the



- 1 occurrence a proposed plan to rectify the deficiency or a plan for the orderly  
2 transfer of business to another mortgage broker or banker that is licensed to  
3 engage in Oregon residential mortgage lending or exempt from the licensing  
4 requirements.
- 5 3. Respondent and the compliance supervisor shall conduct a monthly review  
6 of Respondent's business practices to ensure that they comply with ORS  
7 59.840 through 59.996, OAR 441-850-0005 through 441-885-0010 and any  
8 rule, order or policy issued by the Director. Respondent and the compliance  
9 supervisor shall provide a certification to the Director by the fifteenth of each  
10 month that the required review was completed and either a certification that  
11 Respondent operated in compliance with ORS 59.840 through 59.996, OAR  
12 441-850-0005 through 441-885-0010 and any rule, order or policy issued by  
13 the Director or a explanation of any deficiencies noted and the plan to  
14 correct them.
- 15 4. The Director shall conduct one or more examinations of Respondent  
16 reviewing Respondent's compliance with ORS 59.840 through 59.996, OAR  
17 441-850-0005 through 441-885-0010 and any rule, order or policy issued by  
18 the Director. If Respondent fails to achieve an examination score of at least  
19 at 3, or satisfactory rating, Respondent agrees to the revocation of the  
20 mortgage lender license by the Director.

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

4 Dated this 11<sup>th</sup> day of May, 2009, at Salem, Oregon.

5 CORY STREISINGER, Director  
6 Department of Consumer and Business Services

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8 David Tatman, Administrator  
9 Division of Finance and Corporate Securities

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



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**CORPORATE CONSENT TO ENTRY OF ORDER**

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

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

Respondent understands that this Consent Order is a public document.

Dated this 8 day of May, 2009.

By Curtis Rystadt  
(Signature of officer)

President  
(Office Held)

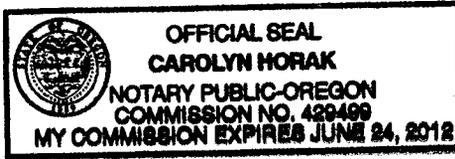
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**CORPORATE ACKNOWLEDGMENT**

There appeared before me this 8<sup>th</sup> day of May, 2009, Curtis Rystadt, who was first duly sworn on oath, and stated that he was and is 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.



Carolyn Horak  
Notary Public  
for the State of: Oregon  
My commission expires: 6/24/12

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