

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

M-09-0052

6 **In the Matter of:**

7 **NORTHWEST FUNDING GROUP,**
8 **INC. DBA NORTHWEST FUNDING**
9 **GROUP, INC., A CORPORATION OF**
10 **WASHINGTON**

ORDER TO CEASE AND DESIST
ORDER ASSESSING CIVIL PENALTIES
ORDER OF CONDITIONAL LICENSE
And
CONSENT TO ENTRY OF ORDER

10 **Respondent.**

11
12 **WHEREAS** the Director of the Department of Consumer and Business Services
13 for the State of Oregon (hereinafter “the Director”) through the Division of Finance and
14 Corporate Securities (hereinafter “the Division”) conducted an investigation of
15 Northwest Funding Group, Inc. DBA Northwest Funding Group, Inc., A Corporation of
16 Washington (hereinafter “Northwest”) and determined that Northwest engaged in
17 activities constituting violations of ORS 59.840 through 59.965 (hereinafter cited as the
18 Oregon Mortgage Lender Law); and

19 **WHEREAS** Northwest wishes to avoid the additional costs and expenses
20 resulting from an action by the Director, does not wish to expend further time on this
21 matter, and seeks to obtain finality without invoking their right to a hearing, and desires
22 to resolve and settle this matter with the Director;

23 **NOW THEREFORE**, as evidenced by the authorized signatures subscribed on
24 this order, Northwest hereby **CONSENTS** to entry of this order upon the Director’s
25 Findings of Fact and Conclusions of Law as stated hereinafter:

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 **FINDINGS OF FACT**

2 The Director **FINDS** that:

3 1. Northwest has been continuously licensed to engage in Oregon residential
4 mortgage transaction since the Director first issued Northwest a license on March 14,
5 2005. Northwest’s license is currently set to expire on March 14, 2010.

6 2. Stanton Berkey (hereinafter “Berkey”) is listed as the experienced person
7 with the Division. Berkey is the president of Northwest. Dalya Berkey is the secretary of
8 Northwest.

9 3. On March 24, 2005, Northwest opened a branch office at 18861 SW
10 Martinazzi #204, Tualatin, Oregon 97062. The branch manager was Larry Jason
11 Somera. In December 2005 the branch was relocated to 1125 NW 9th #110, Portland,
12 Oregon 97209. Larry Jason Somera remained the branch manager.

13 **A. Unlisted Loan Originators**

14 4. Chad Amsden originated at least twenty-three loans in Oregon through
15 Northwest between May, 2005 and December 2006. Northwest has never listed Chad
16 Amsden as a loan originator.

17 5. Ashley Crawford originated a loan in Oregon through Northwest in
18 February 2006. Northwest did not list Ashley Crawford as a loan originator until April
19 13, 2006.

20 6. Kamau Herndon originated at least eight loans in Oregon through
21 Northwest between September 2005 and December 2006. Northwest has never listed
22 Kamau Herndon as a loan originator.

23 7. Jarrad Janssen originated at least six loans in Oregon through Northwest
24 between October 2005 and December 2005. Northwest did not list Jarrad Janssen as a
25 loan originator until April 20, 2006.

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 8. Darin Mayer originated at least twenty-four loans in Oregon through
2 Northwest between April 2005 and December 2005. Northwest did not list Darin
3 Mayer as a loan originator until March 13, 2006.

4 9. Larry Jason Somera originated a loan in Oregon through Northwest on
5 January 2, 2005. Northwest did not list Larry Jason Somera as a loan originator until
6 March 24, 2005.

7 10. Paul Gilaspy originated at least two loans in Oregon through Northwest in
8 June 2005. Northwest has never listed Paul Gilaspy as a loan originator.

9 11. Each of the loans, described herein, originated by: Chad Amsden, Ashley
10 Crawford, Paul Gillaspy, Kamau Herdon, Jarrad Janssen, Darin Mayer, and Larry Jason
11 Somera were originated at the branch managed by Larry Jason Somera.

12 **B. Criminal Records Check**

13 12. Northwest never reported to the Director the results of a criminal
14 background check for Chad Amsden.

15 13. Northwest never reported to the Director the results of a criminal
16 background check for Kamau Herndon.

17 **C. Missing Loan Files**

18 14. Northwest did not produce, upon the Director's request, fifty-seven
19 complete original borrower files for Oregon loan transactions that had previously
20 funded. All fifty-seven of these loan transactions were funded through the branch office
21 managed by Larry Jason Somera.

22 **D. Remedial Measures**

23 15. An investigator employed by the Director met with Stanton Berkey of
24 Northwest and explained the concerns the Division had with regard to issues contained
25 herein.



1 16. Following an internal examination, Northwest terminated Larry Jason
2 Somera and closed the branch office managed by him at 1125 NW 9th # 110, Portland,
3 Oregon.

4 17. Northwest has changed its loan originator review process since Somera's
5 termination. Previously, the branch manager was responsible for ensuring regulatory
6 compliance. The new review process requires that each new loan originator be reviewed
7 by the main office to ensure that the required criminal background check, education
8 requirements, and loan officer registration are compliant with state law.

9 18. Northwest has changed its loan file review process since Somera's
10 termination. Previously each branch office delivered batches of loan files to the main
11 office after the loan originator was compensated. The new review process requires each
12 loan file to be delivered to the main office for review before the loan originator is
13 compensated.

14 19. Northwest subsequently employed a compliance officer. The current
15 compliance officer's responsibilities include: 1) monitoring all loan officers for
16 compliance with state and federal regulations including keeping accurate employee files,
17 running necessary criminal background checks, and notifying them of pending lapses in
18 education; 2) maintaining all required state licenses in good standing; 3) reviewing
19 funded files for compliance and ensure all hardcopies are in the office and in compliance
20 before the loan officer is compensated; 4) maintaining accurate logs of all funded
21 transactions including volume, rate, lender, type of loan, and other characteristics; 5)
22 submitting the list of loans to an outside quality control company for an independent
23 review; 6) reporting Northwest's current compliance status to Stanton Berkey on a
24 monthly basis.

25 20. Northwest has also contracted with an independent quality control
- -



1 company. On a quarterly basis, Northwest sends 10 percent of its closed loan files to an
2 outside auditor for review to determine compliance with both state and federal
3 regulations. This service costs Northwest approximately \$3,200 annually.

4 **CONCLUSIONS OF LAW**

5 21. Northwest continuously failed to diligently supervise and control the
6 branch offices managed by Larry Jason Somera in violation of ORS 59.865(15) and OAR
7 441-860-0040(1)(a) by failing to notify the Director when hiring loan originators, failing
8 to maintain and produce at least fifty-seven complete borrower files, and by failing to
9 obtain criminal records checks for loan originators.

10 22. Because Northwest failed to supervise diligently and adequately control
11 loan originators, the Director may condition the Oregon residential mortgage broker
12 license issued to Northwest based upon ORS 59.865(15).

13 **ORDER**

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

15 The Director, pursuant to ORS 59.996 hereby **ORDERS** Northwest to pay the
16 State of Oregon a **CIVIL PENALTY** of Twenty Thousand dollars (\$20,000) for
17 continuously violating ORS 59.865(15). Given the remedial measures taken by
18 Northwest documented herein, and the conditional license agreed to by Northwest as
19 outlined below, the Director hereby suspends this civil penalty in its entirety so long as
20 Northwest complies with the terms of this Order.

21 The Director, pursuant to ORS 59.880 hereby imposes a \$3,000 examination fee
22 (\$75 x 40) for the forty hours the Division spent reviewing this case.

23 The Director, pursuant to ORS 59.865, ORS 59.860, ORS 59.880 and ORS
24 59.885, hereby **ORDERS** that, effective the date of this order, a conditional Oregon
25 mortgage banker/broker license shall be issued to Northwest until further order of the
-



1 Director, subject to renewal fee and document requirements. The conditional license
2 shall be subject to the following conditions such that if Northwest fails to comply with
3 the conditions Northwest agrees that the license shall be revoked and the currently
4 suspended civil penalty is due immediately:

5 1. Northwest will comply with ORS 59.840 through 59.996, OAR 441-850-0005
6 through 441-885-0010 and any rule, order or policy issued by the Director,
7 including but specifically not limited to:

8 a) Northwest shall notify the Director within 30 days of the hire or
9 termination of a loan originator;

10 b) Northwest shall obtain a criminal records check prior to the hire of a
11 loan originator;

12 c) Northwest shall not employ any loan originator who has not completed
13 the required entry-level or continuing education requirements in
14 compliance with OAR 441-880-0020;

15 d) Northwest shall immediately terminate any loan originator who has not
16 completed the required entry-level or continuing education in
17 compliance with OAR 441-880-0020;

18 e) Northwest shall maintain personnel records in compliance with OAR
19 441-865-0050;

20 f) Northwest shall not pay any commission or compensation for the
21 origination of a mortgage loan to any entity that is not licensed under the
22 Oregon Mortgage Lender Law ORS 59.840-59.996.

23 2. Northwest shall continuously employ a compliance officer acceptable to the
24 Director who will be responsible for ensuring that Northwest complies with the
25 requirements of ORS 59.840 through 59.996, OAR 441-850-0005 through 441-

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

5 Dated this 13th day of November, 2009, at Salem, Oregon.
6

7 **CORY STREISINGER, Director**
8 **Department of Consumer and Business Services**
9

10 **/s/ David Tatman**
11 **David Tatman, Administrator**
12 **Division of Finance and Corporate Securities**
13
14
15
16
17
18
19
20

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



