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3 **STATE OF OREGON**
4 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**
5 **DIVISION OF FINANCE AND CORPORATE SECURITIES**

6 **BEFORE THE DIRECTOR OF THE DEPARTMENT**
7 **OF CONSUMER AND BUSINESS SERVICES**

8 In the Matter of:

M-08-0030

9 **LOANSOURCE FUNDING, LLC;**
10 a Washington limited liability company,
11 dba NW Senior Funding, and
12 **JAMES C. SLAIGHT,**

13 Respondents.

ORDER TO CEASE AND DESIST,
ORDER ASSESSING CIVIL
PENALTIES, BAR FROM
MORTGAGE INDUSTRY AND
OTHER INDUSTRIES REGULATED
BY THE DIRECTOR AND CONSENT
TO ENTRY OF ORDER

14 WHEREAS The Director of the Department of Consumer and Business Services for the
15 State of Oregon (the “Director”), acting pursuant to the authority granted by Oregon Revised
16 Statutes (“ORS”) 86A.095 *et seq.* (the “Oregon Mortgage Lender Law”), formerly numbered
17 ORS 59.840 to 59.980, has conducted an investigation into the activities of Loansource Funding,
18 LLC (“Loansource”) and James C. Slaight (“Slaight”) (hereinafter referred to collectively as
19 Respondents) and issued a proposed administrative order in this matter;

20 WHEREAS Respondents filed with the Director timely requests for administrative
21 hearings; and

22 WHEREAS Respondents now wish to resolve and settle this matter with the Director by
23 entering into this Consent Order;

24 NOW THEREFORE, as evidenced by the authorized signatures subscribed on this
25 Consent Order, Respondents hereby CONSENT to entry of this Consent Order upon the
26 Director’s Findings of Facts and Conclusions of Law as stated hereinafter.

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1 I.

2 FINDINGS OF FACT

3 The Director FINDS that:

4 1. Loansource Funding LLC was formerly a Washington limited liability company
5 doing business as NW Senior Funding (hereinafter “Loansource”). The company was first
6 registered with the Washington Secretary of State on April 8, 2002 and was dissolved on October
7 22, 2009. Loansource had its principal offices located at 4041 SE 199th Avenue; Camas,
8 Washington 98607 and 16703 SE McGillivray Blvd., Suite 215; Vancouver, Washington 98683.

9 2. James C. Slaight (“Slaight”) is, by information and belief, a Washington resident with
10 a last-known address of 4041 SE 199th Avenue; Camas, Washington 98607. At all times relevant
11 herein, Slaight was the president, experienced person and the sole member of Loansource.

12 3. During the relevant times herein, Loansource was licensed to engage in Oregon
13 residential mortgage transactions. Loansource’s license, #ML-2750, expired on November 19,
14 2009.

15 4. Loansource was initially licensed to engage in Oregon residential mortgage
16 transactions from a principal location of 5501 NE Court, Suite #L; Vancouver, Washington
17 98662, from November 20, 2002 through November 19, 2007. From November 19, 2007 through
18 April 16, 2009, Loansource was licensed to operate from a principal location of 16703 SE
19 McGillivray Boulevard., #215; Vancouver, Washington 98683. From April 16, 2009 to
20 November 19, 2009, Loansource was licensed to operate from 4041 SE 199th Avenue; Camas,
21 Washington 98607. The Director did not issue Loansource a license to engage in Oregon
22 residential mortgage transactions from any other principal location.

23 5. In July 2006, Loansource registered a branch office with the Director. The address
24 given for the branch office by Loansource in its registration filed with the Director was 15310
25 NE Milton Street; Portland, Oregon, 97230. The Branch Manager for the location was listed in
26 the registration as Deborah Roper. The Milton Street address was Deborah Roper’s residential



1 address.

2 **2006 Order of the Director**

3 6. On December 27, 2006, the Director issued an ORDER TO CEASE AND DESIST,
4 ORDER ASSESSING CIVIL PENALTIES AND CONSENT TO ENTRY OF ORDER against
5 Loansource and Slaight. The order concluded that Loansource violated seven provisions, and that
6 Slaight had violated two provisions, of the Oregon Mortgage Lender Law (“the Law”). For its
7 violations, Loansource was assessed a civil penalty of \$35,000, with \$10,000 of the penalty
8 suspended on condition that the company commit no additional violations of the Law for a five-
9 year period. Slaight individually was assessed a civil penalty of \$10,000, which was suspended
10 on condition that he commit no additional violations for the Law for a five-year period.

11 **May 2008 Examination**

12 7. On May 12, 2008, a Division Examiner completed an examination of Loansource
13 (hereinafter “the 2008 Examination”). The 2008 Examination revealed deficiencies including: 1)
14 employing loan originators who failed to complete required “entry-level” education and pass the
15 entry-level examination; 2) employing loan originators who failed to complete required
16 continuing education; 3) failing to maintain completed Good Faith Estimates in the borrower
17 files; 4) allowing borrowers to sign blank or predominantly blank documents; and 5) failing to
18 complete loan documents and disclose fees as required by Oregon Mortgage Lender Law or rules
19 adopted thereunder. Loansource and Slaight were notified of the deficiencies and directed to
20 correct them.

21 Education violations

22 8. Loansource notified the Director that it hired Julia Bejan as a loan originator on
23 October 8, 2006. Julia Bejan had been employed as a loan originator by other mortgage brokers
24 since December 22, 2003, which is the date the Director was first notified that Julia Bejan was
25 originating loans. (This date is hereinafter referred to as “the notification date.”) A Division
26 Examiner reviewed Loansource’s personnel file for Julia Bejan during the 2008 Examination.





1 The file did not contain any completion certificates demonstrating that Julia Bejan had
2 completed the required 20 hours of continuing education between December 22, 2003 and
3 December 22, 2005 or between December 22, 2005 and December 22, 2007. The loan originator
4 registration for Julia Bejan was terminated on April 15, 2009.

5 9. Loansource notified the Director that it hired Fernando Calderon as a loan originator
6 on July 5, 2006. Fernando Calderon has a notification date of February 26, 2004. A Division
7 Examiner reviewed Loansource's personnel file for Fernando Calderon during the 2008
8 Examination. The file did not contain any completion certificates demonstrating that Fernando
9 Calderon had completed the required 20 hours of continuing education between February 26,
10 2004 and February 26, 2006. The loan originator registration for Fernando Calderon was
11 terminated on June 9, 2009.

12 10. Loansource notified the Director that it hired Nolan Canales as a loan originator on
13 October 27, 2003. Nolan Canales has a notification date of October 27, 2003. A Division
14 Examiner reviewed Loansource's personnel file for Nolan Canales during the 2008 Examination.
15 The file did not contain any completion certificates demonstrating that Nolan Canales had
16 completed the required 20 hours of continuing education between October 27, 2003 and October
17 27, 2005. The loan originator registration for Nolan Canales was terminated on April 15, 2009.

18 11. Loansource notified the Director that it hired Tyrone Dye as a loan originator on June
19 15, 2005. Tyrone Dye has a notification date of June 15, 2005. A Division Examiner reviewed
20 Loansource's personnel file for Tyrone Dye during the 2008 Examination. The file did not
21 contain any completion certificates demonstrating that Tyrone Dye had completed the required
22 20 hours of continuing education between June 15, 2005 and June 15, 2007. The loan originator
23 registration for Tyrone Dye was terminated on June 30, 2008.

24 12. Loansource notified the Director that it hired Keri Flores as a loan originator on May
25 20, 2005. Keri Flores has a notification date of June 8, 2004. A Division Examiner reviewed
26 Loansource's personnel file for Keri Flores during the 2008 Examination. The file did not

1 contain any completion certificates demonstrating that Keri Flores had completed the required 20
2 hours of continuing education between June 8, 2004 and June 8, 2006. The loan originator
3 registration for Keri Flores was terminated on June 27, 2008.

4 13. Loansource notified the Director that it hired Greg Hakeem as a loan originator on
5 September 12, 2007. Greg Hakeem has a notification date of January 31, 2002. A Division
6 Examiner reviewed Loansource's personnel file for Greg Hakeem during the 2008 Examination.
7 The file did not contain any completion certificates demonstrating that Greg Hakeem had
8 completed the required 20 hours of continuing education between January 31, 2006 and January
9 31, 2008. The loan originator registration for Greg Hakeem was terminated on May 19, 2008.

10 14. Loansource notified the Director that it hired Rondalin Hays as a loan originator on
11 April 18, 2008. Rondalin Hays has a notification date of September 22, 2005. A Division
12 Examiner reviewed Loansource's personnel file for Rondalin Hays during the 2008 Examination.
13 The file did not contain any completion certificates demonstrating that Rondalin Hays had
14 completed the required entry-level education or the required 20 hours of continuing education
15 between September 22, 2005 and September 22, 2007. The loan originator registration for
16 Rondalin Hays was terminated on June 9, 2008.

17 15. Loansource notified the Director that it hired Patrick Herrera as a loan originator on
18 October 28, 2004. Patrick Herrera has a notification date of December 8, 2003. A Division
19 Examiner reviewed Loansource's personnel file for Patrick Herrera during the 2008
20 Examination. The file did not contain any completion certificates demonstrating that Patrick
21 Herrera had completed the required entry-level education or the required 20 hours of continuing
22 education between December 8, 2003 and December 8, 2005. The loan originator registration for
23 Patrick Herrera was terminated on April 15, 2009.

24 16. Loansource notified the Director that it hired Craig Hill as a loan originator on April
25 18, 2008. Craig Hill has a notification date of October 15, 2002. A Division Examiner reviewed
26 Loansource's personnel file for Craig Hill during the 2008 Examination. The file did not contain



1 any completion certificates demonstrating that Craig Hill had completed the required entry-level
2 education or the required 20 hours of continuing education between October 15, 2002 and
3 October 15, 2004 or between October 15, 2004 and October 15, 2006. The loan originator
4 registration for Craig Hill was terminated on April 15, 2009.

5 17. Loansource notified the Director that it hired Jodi James as a loan originator on June
6 14, 2006. Jodi James has a notification date of July 21, 2004. A Division Examiner reviewed
7 Loansource's personnel file for Jodi James during the 2008 Examination. The file did not contain
8 any completion certificates demonstrating that Jodi James had completed the required 20 hours
9 of continuing education between July 21, 2004 and July 21, 2006. The loan originator
10 registration for Jodi James was canceled on June 27, 2008.

11 18. Loansource notified the Director that it hired Constance Lee as a loan originator on
12 August 6, 2007. Constance Lee has a notification date of December 2, 2005. A Division
13 Examiner reviewed Loansource's personnel file for Constance Lee during the 2008 Examination.
14 The file did not contain any completion certificates demonstrating that Constance Lee had
15 completed the required 20 hours of continuing education between December 2, 2005 and
16 December 2, 2007. The loan originator registration for Constance Lee was terminated on May
17 13, 2008.

18 19. Loansource notified the Director that it hired Chase Pozzi as a loan originator on
19 November 15, 2005. Chase Pozzi has a notification date of May 2, 2005. A Division Examiner
20 reviewed Loansource's personnel file for Chase Pozzi during the 2008 Examination. The file did
21 not contain any completion certificates demonstrating that Chase Pozzi had completed the
22 required 20 hours of continuing education between May 2, 2005 and May 2, 2007. The loan
23 originator registration for Chase Pozzi was terminated on May 15, 2008.

24 20. Loansource notified the Director that it hired Jerry Romano as a loan originator on
25 December 7, 2006. Jerry Romano has a notification date of December 7, 2006. A Division
26 Examiner reviewed Loansource's personnel file for Jerry Romano during the 2008 Examination.



1 The file did not contain any completion certificates demonstrating that Jerry Romano had
2 completed the required 20 hours of continuing education between December 7, 2006 and May
3 12, 2008. The loan originator registration for Jerry Romano was terminated on May 28, 2008.

4 21. Loansource notified the Director that it hired Kess Romano as a loan originator on
5 June 1, 2005. Kess Romano has a notification date of January 31, 2002. A Division Examiner
6 reviewed Loansource's personnel file for Kess Romano during the 2008 Examination. The file
7 did not contain any completion certificates demonstrating that Kess Romano had completed the
8 required 20 hours of continuing education between January 31, 2004 and January 31, 2006. The
9 loan originator registration for Kess Romano was terminated on June 30, 2008.

10 22. Loansource notified the Director that it hired Natalya Rusakov as a loan originator on
11 July 12, 2007. Natalya Rusakov has a notification date of April 23, 2004. A Division Examiner
12 reviewed Loansource's personnel file for Natalya Rusakov during the 2008 Examination. The
13 file did not contain any completion certificates demonstrating that Natalya Rusakov had
14 completed the required 20 hours of continuing education between April 23, 2006 and April 23,
15 2008. The loan originator registration for Natalya Rusakov was terminated on September 5,
16 2008.

17 23. Loansource notified the Director that it hired Scott Shannon as a loan originator on
18 August 12, 2004. Scott Shannon has a notification date of August 7, 2002. A Division Examiner
19 reviewed Loansource's personnel file for Scott Shannon during the 2008 Examination. The file
20 did not contain any completion certificates demonstrating that Scott Shannon had completed the
21 required entry-level education or the required 20 hours of continuing education between August
22 7, 2002 and August 7, 2004. The loan originator registration for Scott Shannon was terminated
23 on April 15, 2009.

24 24. Loansource notified the Director that it hired Lisa Stanley as a loan originator on
25 March 19, 2007. Lisa Stanley has a notification date of August 9, 2004. A Division Examiner
26 reviewed Loansource's personnel file for Lisa Stanley during the 2008 Examination. The file did



1 not contain any completion certificates demonstrating that Lisa Stanley had completed the
2 required entry-level education or the required 20 hours of continuing education between August
3 9, 2004 and August 9, 2006. The loan originator registration for Lisa Stanley was canceled on
4 June 30, 2008.

5 25. Loansource notified the Director that it hired Rebecca Torres-Espino as a loan
6 originator on March 20, 2008. Rebecca Torres-Espino has a notification date of June 14, 2005. A
7 Division Examiner reviewed Loansource's personnel file for Rebecca Torres-Espino during the
8 2008 Examination. The file did not contain any completion certificates demonstrating that
9 Rebecca Torres-Espino had completed the required 20 hours of continuing education between
10 June 14, 2005 and June 14, 2007. The loan originator registration for Rebecca Torres-Espino was
11 terminated on November 2, 2008.

12 26. Loansource notified the Director that it hired Loretta Wetz as a loan originator on
13 July 24, 2005. Loretta Wetz has a notification date of May 13, 2002. A Division Examiner
14 reviewed Loansource's personnel file for Loretta Wetz during the 2008 Examination. The file
15 did not contain any completion certificates demonstrating that Loretta Wetz had completed the
16 required entry-level education or the required 20 hours of continuing education between May 13,
17 2002 and May 13, 2004. The loan originator registration for Loretta Wetz was terminated on
18 November 17, 2008.

19 27. Loansource notified the Director that it hired Hector Zarate as a loan originator on
20 December 2, 2002. Hector Zarate has a notification date of December 2, 2002. A Division
21 Examiner reviewed Loansource's personnel file for Hector Zarate during the 2008 Examination.
22 The file did not contain any completion certificates demonstrating that Hector Zarate had
23 completed the required 20 hours of continuing education between December 2, 2002 and
24 December 2, 2004. The loan originator registration for Hector Zarate was terminated on
25 September 5, 2008.

26 28. Loansource notified the Director that it hired Bruce Zielsdorf as a loan originator on



1 April 24, 2005. Bruce Zielsdorf has a notification date of May 19, 2005. A Division Examiner
2 reviewed Loansource's personnel file for Bruce Zielsdorf during the 2008 Examination. The file
3 did not contain any completion certificates demonstrating that Bruce Zielsdorf had completed the
4 required 20 hours of continuing education between May 19, 2005 and May 19, 2007. The loan
5 originator registration for Bruce Zielsdorf was terminated on May 19, 2008.

6 **Books and Records Violations**

7 Good Faith Estimate

8 29. The 2008 Examination revealed the borrower file for Borrower SV did not contain a
9 copy of an original Good Faith Estimate reflecting the same interest rate which was indicated on
10 the original loan application.

11 30. The 2008 Examination revealed that the borrower files for Borrower SH, Borrower
12 SL, Borrower TR and Borrower YM contained Good Faith Estimates which did not disclose that
13 the broker would receive a yield spread premium; however, documentation in the borrower file,
14 including the HUD-1 form, indicates the broker did receive a yield spread premium.

15 Truth-in-Lending Disclosure

16 31. The 2008 Examination revealed that the borrower file for Borrower SV did not
17 contain a copy of an original Truth-in-Lending Act disclosure which reflected the same interest
18 rate which was indicated on the original loan application. The Truth-in-Lending disclosure
19 contains important information about the finance charges and monthly loan payments associated
20 with the loan which are required by law to be disclosed to the borrowers. The Truth-in-Lending
21 also discloses to the borrowers whether or not a pre-payment penalty will be assessed if the loan
22 is paid off early.

23 32. The 2008 Examination revealed that the borrower file for Borrower MY did not
24 contain a copy of an original Truth-in-Lending disclosure.

25 33. The 2008 Examination revealed the borrower file for Borrower SL contained a Truth-
26 in-Lending disclosure that reflected a loan program which was different than the loan program



1 indicated on the initial loan application.

2 34. The 2008 Examination revealed that the Truth-in-Lending disclosures in the borrower
3 files for Borrower VS, Borrower SH and Borrower YM did not report the correct APR because
4 the Truth-in-Lending disclosures did not include all of the loan expenses listed on the Good Faith
5 Estimate that were finance charges.

6 Blank Documents

7 35. The 2008 Examination revealed the borrower file for Borrower YM contained a
8 servicing disclosure which was signed by the applicant, but was otherwise predominantly blank.

9 Interest Rate Lock/Float Agreement

10 36. The 2008 Examination revealed the borrower file for Borrower SL did not contain an
11 interest rate lock or float agreement.

12 37. The 2008 Examination revealed Loansource used a rate lock/float agreement which
13 did not contain a statement which indicated the interest rate may change if the loan factors
14 change.

15 Non-Examination Review of Loansource Files

16 38. In October, 2005, Loansource brokered a residential mortgage transaction for a
17 borrower hereinafter identified as “Borrower AS” regarding the refinance of an existing loan on
18 a property located at 5838 NE 14th in Portland Oregon. The loan originator of record was
19 Deborah Roper (“Roper”).

20 39. As part of this investigation, a Division Investigator reviewed the Loansource
21 borrower file for the Borrower AS refinance transaction. The Loansource borrower file for
22 Borrower AS did not contain an interest rate lock or float agreement. The Loansource borrower
23 file for Borrower AS contained a Good Faith Estimate which did not disclose to the borrower
24 that Loansource would receive a yield spread premium or rebate from the lender, but the HUD-1
25 indicates Loansource did receive a yield spread premium from the lender. The Loansource
26 borrower file for Borrower AS contained a Truth-in-Lending disclosure which is predominantly



1 blank but signed by the borrower.

2 40. In November, 2005, Loansource brokered another residential mortgage transaction
3 for Borrower AS regarding the purchase of a property located at 5105 SE 87th in Portland
4 Oregon. The loan originator of record was Roper.

5 41. As part of this investigation, a Division Investigator reviewed the Loansource
6 borrower file for the Borrower AS transaction. The Loansource borrower file for Borrower AS
7 did not contain an interest rate lock or float agreement. The Loansource borrower file for
8 Borrower AS contained two Truth-in-Lending disclosures which were predominantly blank and
9 unsigned by the borrower.

10 42. In April 2006, Loansource brokered a second refinance of an existing loan on a
11 property located at the 5838 NE 14th property. The loan originator of record was Roper.

12 43. As part of this investigation, a Division Investigator reviewed the Loansource
13 borrower file for the Borrower AS refinance transaction. The Loansource borrower file for
14 Borrower AS did not contain an interest rate lock or float agreement. The Loansource borrower
15 file for Borrower AS contained a Truth-in-Lending which is predominantly blank and unsigned
16 by the borrower.

17 44. In October, 2006, Loansource brokered a loan for Borrower KN regarding the
18 purchase of the property located at 5838 NE 14th in Portland from Borrower AS. The loan
19 originator of record was Roper.

20 45. As part of this investigation, a Division Investigator reviewed the Loansource
21 borrower and lender files for the Borrower KN transaction. The Loansource borrower and lender
22 files contained Good Faith Estimates that did not indicate if Loansource would receive a yield
23 spread premium or rebate from the lender, but the HUD-1 indicates Loansource did receive a
24 yield spread premium from the lender. The Loansource borrower and lender files contained
25 Truth-in-Lending disclosures which were predominantly blank yet signed by the borrower.

26 46. In July, 2005, Loansource brokered a loan for Borrower LN regarding the purchase of



1 a property located at 2911 SW Fairview Boulevard in Portland, Oregon. The loan originator of
2 record was Paul A. Campbell.

3 47. As part of this investigation, a Division Investigator reviewed the Loansource
4 borrower and lender files for the Borrower LN transaction. The files did not contain an interest
5 rate lock or float agreement.

6 **Paul A. Campbell**

7 48. On March 30, 2000, Paul A. Campbell (“Paul Campbell” or “Campbell”), pleaded
8 guilty to, and was subsequently convicted of, two counts of Theft 3 and one count of Theft 2,
9 each a Class A misdemeanor, in Clackamas County Circuit Court, case number CR9913585.

10 49. On July 23, 2004, Loansource received an Application Information Form from
11 Campbell. On the form, Campbell stated he had been convicted of Theft 2 and Theft 3.

12 50. On July 26, 2004, Loansource conducted a criminal records check for Campbell. The
13 response to the criminal records check reflected Campbell’s misdemeanor theft convictions.

14 51. Loansource registered Paul Campbell with the Director as a loan originator and
15 advised his effective start date would be August 1, 2004. Loansource never notified the Director
16 that Campbell had a disqualifying conviction and never requested a “no-action” letter for
17 Campbell. Loansource continued to employ Paul Campbell until August 30, 2006.

18 52. On or about July 17, 2007, at the request of a Division Investigator, Loansource
19 provided a list of all loans originated by Campbell, (hereinafter “the Pipeline”). The Pipeline
20 revealed Campbell had originated at least 135 residential real estate loans during his tenure with
21 Loansource, 61 of which were for Oregon borrowers or properties. The Pipeline also revealed
22 that Campbell had completed at least one application for an Oregon residential mortgage loan on
23 behalf of Loansource prior to August 1, 2004.

24 53. Campbell has an education notification date of January 21, 2002. On or about July 17,
25 2007, at the request of a Division Investigator, Loansource provided a copy of Campbell’s
26 employee file. The employee file did not contain any completion certificates demonstrating that



1 Paul Campbell had completed the required 20 hours of continuing education between January 31,
2 2004 and August 31, 2006.

3 **Fraud and Unethical Acts**

4 **Borrower JC Transaction**

5 54. In or about October, 2005, and then again in January 2007, Loansource registered
6 Prigna K. Moses (“Moses”), with the Director as a loan originator.

7 55. On or about August 1, 2006, an Oregon resident and borrower hereinafter identified
8 as “Borrower JC” obtained a mortgage loan based upon loan applications and other
9 documentation submitted to the lenders by Loansource through its loan originator, Moses.

10 56. Borrower JC was an inexperienced borrower who had never purchased a house on her
11 own before, thereby causing her to rely completely upon the information and advice presented to
12 her by Loansource through Moses.

13 57. On or about June 30, 2006, Loansource completed an initial loan application for
14 Borrower JC. The application reflects a “Base Employee Income” for Borrower JC of \$6,900 per
15 month. The application indicates Moses obtained the information from Borrower JC during a
16 “face-to-face” interview. The application is signed and dated by Borrower JC and Moses.
17 Loansource knew the lender would rely upon the income information contained in the
18 application as accurate.

19 58. Loansource knew the application contained fraudulent information when it submitted
20 the application to the lender because Borrower JC had told Moses she did not earn \$6,900 per
21 month from her job and because Moses and Borrower JC had never met personally during the
22 transaction. Borrower JC had signed the application because Moses told her “this is the only way
23 you’ll get the loan.”

24 59. On or about June 30, 2006, Loansource completed a Good Faith Estimate as part of
25 the Borrower JC transaction. The Good Faith Estimate is signed by the borrower and dated.

26 60. The Good Faith Estimate indicates Borrower JC was to obtain a cash sum of



1 approximately \$37,000 following the completion of the transaction. The Good Faith Estimate
2 indicates the borrower's loan payment was to be over \$2,000 per month. The Good Faith
3 Estimate does not indicate whether or not the broker will receive a yield spread premium or
4 rebate from the lender at the completion of the transaction, yet the HUD-1 indicates Loansource
5 was paid a yield spread premium.

6 61. Loansource knew Borrower JC could not make the \$2,000 per month loan payments
7 when it completed the transaction for Borrower JC because Borrower JC had told Moses she did
8 not earn enough money to make a payment of that amount. Borrower JC allowed the transaction
9 to complete because Moses had set up an escrow account which used the \$37,000 to make the
10 loan payments instead of Borrower JC using her own income. Borrower JC also allowed the
11 transaction to complete because Moses said she would originate another refinance transaction for
12 Borrower JC in a year and repeat the process.

13 62. On or about July 21, 2006, Loansource completed a final application for Borrower JC
14 which was submitted to the lender. The final application contained the same incorrect income
15 information as the initial application and was signed by Borrower JC. The final application
16 indicates the information contained in the application was obtained from Borrower JC during a
17 "face-to-face" interview with the loan originator. The application erroneously indicates that the
18 loan originator who completed the application on behalf of Loansource was Patrick Fountain.

19 63. Based upon information and belief, Patrick Fountain was a friend or business
20 associate of Moses.

21 64. Patrick Fountain has never been registered as a loan originator with the Director by
22 Loansource. Contrary to the notation on the application, Borrower JC never met Patrick
23 Fountain.

24 65. On or about August 1, 2006, the Borrower JC transaction concluded and Loansource
25 received over \$13,000 in fees for brokering the transaction.

26 66. By information and belief, Borrower JC attempted to contact Moses when the escrow



1 funds were nearly depleted but Moses would not respond. As a result, Borrower JC was not able
2 to refinance the house and the loan went into default.

3 67. In November 2007, the lender filed a Notice of Default due to missed loan payments,
4 and Borrower JC subsequently lost the house to the bank through foreclosure.

5 **Borrower CH Transaction**

6 68. In October 2004, Loansource registered Roper with the Director as a loan originator.
7 In July, 2006, Loansource registered with the Director Roper's home address of 15310 NE
8 Milton St., Portland, Oregon, 97230 as a branch office with Roper listed as the Branch Manager
9 for the location. The fax number for the branch office as given by Loansource was 503-493-
10 0717.

11 69. On or about November 7, 2006, Oregon residents and borrowers identified hereinafter
12 as "Borrower CH" and her co-borrower, "Borrower ML," obtained two mortgage loans based
13 upon loan applications and other documentation submitted to lenders by Loansource. Borrower
14 CH and Borrower ML dealt with Moses for these transactions even though the loan originator of
15 record on these transactions was Roper.

16 70. Borrower CH and Borrower ML were inexperienced borrowers who had never
17 purchased a house before, thereby causing them to rely heavily upon the information and advice
18 presented to them by Loansource.

19 71. Loansource effectively brokered the sale of the property between the buyer and the
20 seller and originated the buyers' loans as there were no realtors or other real estate personnel
21 involved in the transaction other than Roper.

22 72. On or about August 18, 2006, Borrower CH and Borrower ML completed an
23 "Owners Sale Agreement" wherein they contracted with a company named Treasured
24 Development LLC to purchase the property at 5105 SE 87th Avenue, in Portland, Oregon, for
25 \$219,000. The Sale Agreement is signed by the seller, both borrowers, and dated.

26 73. On or about September 26, 2006, Loansource submitted the Sale Agreement to the



1 lender. Accompanying the Sale Agreement, Loansource submitted a hand-written note,
2 (hereinafter “the Note”), which advised the lender that the purchase price of the property had
3 been increased from \$219,000 to \$230,000 to include closing costs which were to be paid by the
4 seller. The Sale Agreement and the Note were submitted to the lender via facsimile. Both
5 documents indicated the sender of the facsimile was Roper and indicated the senders fax number
6 was the number for the Roper branch office, 503-493-0717.

7 74. In an interview in which a Division investigator was present, Borrower CH was
8 shown the Sale Agreement and Note. Borrower CH confirmed to the Division Investigator that
9 the signature on the document was not hers. Loansource, through Moses and/or Roper, knew the
10 lender would rely upon the information contained in the Note, and would believe that the
11 signature was accurate and authentic.

12 75. Loansource, through Moses and/or Roper, knew the Note increasing the asking price
13 to \$230,000 was incorrect when it was submitted to the lender because Loansource was the
14 primary conduit to the lender for all documentation related to the Borrower CH transaction and
15 Loansource had not obtained the signature on the Note from the borrower, Borrower CH.

16 76. On or about October 16, 2006, as part of the Borrower CH transaction, Loansource
17 completed a “Request for Verification of Rent or Mortgage” form (hereinafter “the VOR”). The
18 VOR asserted that Borrower CH had been a renter at 6919 NE 15th in Portland, Oregon between
19 October, 2002 and September 12, 2006. The VOR asserted Borrower CH had been paying \$745
20 per month rent during that same time. Borrower CH confirmed to the Division investigator that
21 the VOR also bore a signature purporting to be hers, but was not signed by her.

22 77. On or about October 18, 2006, the VOR was submitted to the lender by Loansource
23 via facsimile. The VOR indicated the sender of the facsimile was Roper and indicated the
24 sender’s fax number was that of the Roper branch office, 503-493-0717. Loansource knew the
25 lender would rely upon the VOR as part of their funding decision and believe that the signature
26 of the borrower on the document was authentic.



1 78. Loansource knew the VOR was incorrect when it submitted it to the lender because
2 Loansource was the primary conduit to the lender for all documentation related to the Borrower
3 CH transaction and Loansource had not obtained Borrower CH's signature on the VOR.

4 79. As part of the Borrower CH transaction, Loansource completed a Truth-in-Lending
5 disclosure and submitted it to the lender. The Truth-in-Lending disclosure was signed by both
6 borrowers, Borrower CH and Borrower ML, and dated November 3, 2006.

7 80. The Truth-in-Lending disclosure, as submitted to the lender by Loansource, is
8 predominantly blank and does not indicate if the borrower would have a pre-payment penalty
9 assessed for early payoff of the loan.

10 81. On or about November 7, 2006, the Borrower CH transaction concluded and
11 Loansource received almost \$9,000 in fees for brokering the transaction. Loansource directly
12 benefited from the \$11,000 increase in the sales price which occurred as a result of the forged
13 Note that Loansource had submitted to the lender.

14 82. Following the completion of her transaction, and failing to obtain a remedy from
15 Loansource on her own, Borrower CH retained private counsel with the intent of bringing legal
16 action against Loansource for issues related to her loans.

17 83. On August 9, 2007, as a direct result of the threatened legal action against Loansource
18 by Borrower CH, Slight signed an agreement on behalf of Loansource wherein he agreed to pay
19 \$30,000 to Borrower CH and her co-Borrower ML, as "reimbursement for their overpayment of
20 amounts arising from the mortgage loans" originated by Loansource.

21 **Borrower ZR Transaction**

22 84. The individual identified hereinafter as "Borrower ZR" is an elderly widow who had
23 resided at 1415 NE Going Street, Portland, Oregon (hereinafter "the Going Street property"), for
24 32 years. Upon information and belief, Borrower ZR had relied upon her husband, ER, for the
25 handling of family financial matters until his death just prior to the relevant dates of this
26 transaction.



1 85. Borrower ZR had an existing loan of approximately \$156,000 which had gone into
2 default due to missed loan payments because Borrower ZR had needed the funds to pay for
3 medical expenses incurred during her husband's illness.

4 86. Borrower ZR contacted Loansource through loan originator Moses in response to a
5 radio advertisement which claimed that Moses could assist people in trouble with their mortgage
6 loans.

7 87. In or about January 2006, Loansource, through Moses, opened escrow for a "cash-
8 out" refinance transaction with Fidelity National Title on behalf of Borrower ZR and ER. The
9 property in question was the Going Street property.

10 88. Moses failed to advise Borrower ZR the refinance had failed because ER had died
11 and Borrower ZR did not earn enough income to make loan payments associated with a
12 refinance of her existing loan, but instead Moses falsely told Borrower ZR that the transaction
13 had failed because she had "bad credit due to her missed loan payments."

14 89. Moses presented Borrower ZR with a plan wherein Moses would purchase the Going
15 Street property from Borrower ZR. Moses would then allow Borrower ZR to "rent the house for
16 2 years" and "work on repairing her credit." When the two years expired, Moses would sell the
17 house back to Borrower ZR for the price Moses had purchased it from Borrower ZR "plus 30%
18 of any equity which had accrued." Moses advised Borrower ZR that she "would lose her home of
19 32 years if she did not go along with the plan."

20 90. On or about March 27, 2006, Borrower ZR and Moses completed an "Owners Sale
21 Agreement" wherein Moses contracted to purchase the Going Street property from Borrower ZR
22 for \$195,000. The contract is signed by both Moses and Borrower ZR

23 91. On or about April 21, 2006, Loansource completed loan applications for a first and
24 second mortgage for Moses. The loan originator of record is Roper. The loan applications
25 contained the following statements known by Moses and Roper to be false: 1) the Going Street
26 property was to be the "Primary Residence" of Moses following the completion of the



1 transaction; 2) Moses current employer was a company called “CitiGroup”; 3) Moses earned a
2 “Base Monthly Income” from CitiGroup of “\$10,000 per month; and 4) Moses was a US citizen.
3 The loan applications are signed by Moses and Roper and were submitted to the lenders.
4 Loansource knew the lenders would rely upon the information contained in the applications as
5 accurate.

6 92. Loansource knew the loan applications contained incorrect or false information when
7 it submitted them to the lenders because Moses was employed by Loansource as a loan
8 originator at the time the transaction was in process. Additionally, Loansource through Roper
9 knew that Moses would not be residing at the Going Street property following the completion of
10 the transaction, and that Moses did not earn \$10,000 per month either from CitiGroup or
11 Loansource, and that Moses knew she was not a US citizen as she had entered the US under
12 political asylum from Africa.

13 93. On or about April 22, 2006, Borrower ZR and Moses completed a “Real Property
14 Option Agreement”, (hereinafter “the Lease Option Agreement”), wherein Borrower ZR agreed
15 to lease the Going Street property from Moses with the option to buy it back in April, 2008 for
16 “\$195,000 plus 30% of any equity.” The Lease Option Agreement is signed by Borrower ZR and
17 Moses and dated. The Lease Option Agreement was completed outside of the Moses loan
18 transactions and, as such, was never provided by Loansource to any lenders.

19 94. On or about April 27, 2006, the loan transactions allowing Moses to obtain the
20 funding to purchase the Going Street property from Borrower ZR concluded and Loansource
21 received \$1,100 in fees. Upon information and belief, all or almost all of the fees received by
22 Loansource were paid as a commission to Roper for brokering the Moses transactions.

23 95. Beginning in May 2006 and continuing until January 2007, Borrower ZR paid Moses
24 a regular monthly payment of \$990 as agreed upon in the Lease Option Agreement.

25 **Moses Refinance**

26 96. In or about June, 2006, Moses obtained two mortgage loans based upon loan



1 applications and other documentation submitted to lenders by Loansource through its loan
2 originator, Roper. The purpose of the loans was to allow Moses to obtain cash from equity in the
3 Going Street property through a refinance of her original loans which had concluded just two
4 months prior. The amount of the refinance loans requested by Moses was \$208,500.

5 97. On or about May 1, 2006, and then again on June 25, 2006, Loansource completed
6 loan applications for a first and second mortgage for Moses as borrower. The loan originator of
7 record is Roper. The loan applications contained the following statements known by Moses to be
8 false: 1) the Going Street property was to be the “Primary Residence” of Moses following the
9 completion of the transaction; 2) Moses current employer was a company called “CitiGroup”; 3)
10 Moses earned a Base Monthly Income from CitiGroup of \$10,000 per month; and 4) Moses was
11 a US citizen. The loan applications are signed by Moses and Roper and were submitted to the
12 lenders. Loansource knew the lenders would rely upon the information contained in the
13 applications as accurate.

14 98. Loansource knew the loan applications contained incorrect or false information when
15 it submitted them to the lenders because Moses was employed as a loan originator by
16 Loansource at the time the transaction was in process. Additionally, Loansource knew she would
17 not be residing at the Going Street property following the completion of the transaction as
18 evidenced by the Lease Option Agreement. Moses also knew she did not earn \$10,000 per month
19 from either CitiGroup or Loansource, and she knew she was not a US citizen as she had entered
20 the US under political asylum from Africa.

21 99. On or about May 9, 2006, on behalf of Moses, Loansource submitted a Letter of
22 Explanation to a lender, (hereinafter “the Letter”). In the Letter, Moses falsely asserted she
23 bought the Going Street property from Borrower ZR because Borrower ZR went to a nursing
24 home to be with her husband because she did not want to stay at the house alone. The Letter
25 further created the illusion that Borrower ZR had only asked \$142,000 when she sold the
26 property to Moses, but Moses had offered the \$195,000 instead. The Letter is signed by Moses



1 and was submitted to the lenders. Loansource knew the lenders would rely upon the information
2 contained in the Letter as accurate.

3 100. Loansource knew the information contained in the Letter was false and misleading
4 because Moses knew Borrower ZR's spouse had died, and that Borrower ZR was residing in the
5 Going Street house at the time the Letter was drafted, signed by Moses and submitted to the
6 lenders.

7 101. On or about May 12, 2006, as part of the Moses transaction, Loansource completed a
8 VOR and submitted it to a lender. The Loansource representative on the VOR is indicated as
9 Roper. The VOR asserted that Moses had been a renter at 5903 N. Michigan Avenue in Portland,
10 Oregon between January 2003 and April 2006. The VOR asserted Moses had been paying a
11 landlord named "Spagna Kan" \$900 per month rent during that same time. The VOR was signed
12 by "Spagna Kan" as the "Property Manager" and dated. Loansource knew the lender would rely
13 upon the assertions made in the VOR as part of their funding decision.

14 102. Loansource knew the VOR contained false information when it was submitted to the
15 lender because Moses knew Spagna Kan was her sister, not a property manager as asserted on
16 the VOR. Loansource knew the VOR contained false information because Moses knew the
17 Michigan Avenue property was owned by Portland Community Reinvestment Initiatives Inc,
18 ("PCRI"), a non-profit organization which provides subsidized housing to low income people,
19 and not to "C" Pags Prop" as indicated on the VOR. Loansource knew the VOR contained false
20 information because Moses knew that she and her sister, Spagna Kan, resided at the Michigan
21 Avenue location rent-free because of funding obtained by PCRI as opposed to paying \$900 a
22 month as asserted in the VOR.

23 103. On or about June 25, 2006, Moses signed the final loan documentation required by
24 the lenders to complete her loan transactions. Among the documentation signed by Moses were a
25 "Borrowers Certification & Authorization" form and an "Owners Occupancy Agreement" form.
26 By signing these documents, Moses asserted to the lenders that: 1) all information provided to



1 them during the loan process was truthful and accurate; and 2) that she would reside at the Going
2 Street property as her primary residence once the transactions were complete.

3 104. Loansource, through Moses, knew the information being provided to the lenders by
4 completing the forms was inaccurate and misleading because Moses knew she had provided false
5 information to the lenders at various points during the transaction and Moses knew she had no
6 intention of residing in the Going Street property.

7 105. On or about June 30, 2006, the refinance loans for Moses concluded and Loansource
8 received over \$8,000 as fees for brokering the transactions. All or almost all of the \$8,000 was
9 paid to Roper as a commission.

10 **Failure to Supervise**

11 106. Loansource reviews every loan file using “Compliance Checklists” it developed. The
12 checklists do not require the file reviewer to verify: 1) whether the loan originator was legally
13 registered with the State of Oregon; 2) the existence of an executed interest rate lock or float
14 agreement; 3) to verify the rate lock or float agreement contains the required information; or 4)
15 whether or not the file contains any unsigned or blank signed documents.

16 107. The checklists require the reviewer of the completed files to determine, among other
17 things, if the file contains: 1) the legally required disclosures; 2) a borrower-executed loan
18 application; 3) the Good Faith Estimate and Truth-in-Lending disclosures were provided to the
19 borrower in the required period of time; and 4) the Good Faith Estimate disclosure and Truth-in-
20 Lending were completed accurately.

21 **Bankruptcy Filing**

22 108. Respondent Slaight filed for bankruptcy protection on October 9, 2010. (US
23 Bankruptcy Court, Western District of Washington, Case 09-47569-PBS.) The petition is
24 pending as of the date of this order.

25 //

26 //



1 **II.**

2 **CONCLUSIONS OF LAW**

3 The Director CONCLUDES that:

4 109. Slaight, as president, experienced person and sole member of Loansource, was
5 responsible for the activities of the loan originators employed by Loansource pursuant to ORS
6 86A.115, formerly ORS 59.965.

7 110. By continuing to employ Rondalin Hayes, Patrick Herrera, Craig Hill, Scott Shannon,
8 Lisa Stanley and Loretta Wetz as loan originators after they failed to complete their required
9 entry-level education within six months from the day they first functioned as loan originators,
10 Loansource violated ORS 86A.115(3) and former ORS 86A.179, formerly ORS 59.865(3) and
11 ORS 59.969, respectively, and OAR 441-880-0030(6).

12 111. By continuing to employ as loan originators Julia Bejan, Fernando Calderon, Paul
13 Campbell, Nolan Canales, Tyrone Dye, Keri Flores, Greg Hakeem, Rondalin Hayes, Patrick
14 Herrera, Craig Hill, Jodi James, Constance Lee, Chase Pozzi, Jerry Romano, Kess Romano,
15 Natalya Rusakov, Scott Shannon, Lisa Stanley, Rebecca Torres-Espino, Loretta Wetz, Hector
16 Zarate and Bruce Zielsdorf after they failed to complete the required 20 hours of continuing
17 education within two years of their notification dates, Loansource violated ORS 86A.115(3) and
18 former ORS 86A.179, formerly ORS 59.865(3) and ORS 59.969, respectively, and OAR 441-
19 880-0030(6).

20 112. By failing to disclose on the Good Faith Estimate the potential for payment of other
21 fees arising from the loan, such as yield spread premium, Loansource violated the Real Estate
22 Settlement Procedures Act (“RESPA”), 12 USC section 2601 *et seq.*, and Federal Regulation X,
23 24 CFR section 3500.7, in violation of ORS 86A.112(1), formerly ORS 59.860(1), ORS
24 86A.198(2)(a) and OAR 441-865-0060(2)(e).

25 113. By failing to maintain a copy of a Good Faith Estimate in the borrower file for
26 Borrower SV that complied with the requirements of RESPA, Loansource violated ORS



1 86A.112(1), formerly ORS 59.860(1), and OAR 441-865-0060(2)(e).

2 114. By failing to maintain a copy of a Good Faith Estimate in the borrower files for
3 Borrower KN, Borrower SH, Borrower SL, Borrower AS, Borrower TR and Borrower YM that
4 complied with the requirements of RESPA regarding the disclosure of yield spread premiums,
5 Loansource violated ORS 86A.112(1), formerly ORS 59.860(1), and OAR 441-865-0060(2)(e).

6 115. By failing to maintain a copy of the Truth-in-Lending disclosure statement in the
7 borrower files for Borrower KN, Borrower SV, Borrower MY, Borrower SL, Borrower VS,
8 Borrower SH, Borrower AS and Borrower YM that complied with the requirements of Federal
9 Regulation Z, 12 CFR Part 226, Loansource violated ORS 86A.112(1), formerly ORS 59.860(1),
10 ORS 86A.112(1), formerly 59.860(11), and OAR 441-865-0060(2)(g).

11 116. By failing to maintain a compliant rate lock or float agreement acknowledged by the
12 borrower in their files for borrowers Borrower LN, Borrower SL and Borrower AS, Loansource
13 violated ORS 86A.112(1), formerly ORS 59.860(1), ORS 86A.115(11), formerly ORS
14 59.860(11), and OAR 441-865-0060(1)(c).

15 117. In permitting Patrick Fountain, an unregistered person, to complete a loan application
16 on behalf of Loansource during the Borrower JC transaction, Loansource violated former ORS
17 86A.179(1), formerly ORS 59.969(1).

18 118. In failing to conduct criminal records checks prior to hiring loan Paul Campbell as a
19 loan originator, Loansource violated ORS 86A.186, formerly ORS 59.972, and OAR 441-880-
20 0050(1).

21 119. By employing as a loan originator a person, Paul Campbell, who had a disqualifying
22 conviction, Loansource violated ORS 86A.183(2), formerly ORS 59.971(2).

23 120. In failing to notify the Director within three business days of receiving a criminal
24 records check containing a disqualifying conviction for loan originator Paul Campbell,
25 Loansource violated OAR 441-880-0050(5).

26 121. By hiring or continuing to employ Paul Campbell as a loan originator, a person who



1 had a disqualifying conviction, without obtaining a “no-action” letter from the Director,
2 Loansource violated OAR 441-880-0050(6)(c).

3 122. Because Loansource knowingly made an untrue statement of material fact, *i.e.*;
4 essentially advising the Director that Campbell had no disqualifying convictions, while knowing
5 the opposite was true, Loansource violated ORS 86A.154(2), formerly ORS 59.930(4).

6 123. In knowingly making, filing, or causing to be made or filed, an untrue statement to
7 the Director on Paul A. Campbell’s “Section 5, Affiliated Person Information” form, falsely
8 indicating that Campbell had no criminal convictions within the previous ten years of which an
9 essential element was fraud, Loansource violated ORS 86A.154(4), formerly ORS 59.930(4).

10 124. By advising Borrower JC, a widowed, inexperienced borrower, to sign loan
11 applications which misrepresented her income under the guise that no loan would be completed
12 otherwise, Loansource engaged in unfair or unethical practices in connection with a mortgage
13 business in violation of ORS 86A.183(1)(a), formerly ORS 59.971(1)(a).

14 125. When, as part of the Borrower CH transaction, it perpetrated a fraud and deceit upon
15 a lender by submitting a “Note” increasing the asking price for the subject property, and a VOR
16 form during a residential real estate transaction, both of which contained the forged signatures of
17 the borrower, Loansource violated ORS 86A.154(3), formerly ORS 59.930(3).

18 126. In creating and then submitting loan applications for Moses as borrower while
19 knowing the loan applications falsely stated several material facts, Loansource perpetrated a
20 fraud and deceit upon a lender in violation of ORS 86A.154(3), formerly ORS 59.930(3).

21 127. In submitting the “Letter of Explanation” to a lender in the Moses refinance
22 containing assertions known by it to be false, Loansource violated ORS 86A.154(3), formerly
23 ORS 59.930(3), and ORS 86A.183(1)(a), formerly ORS 59.971(1)(a).

24 128. When, as part of the same refinance transaction for Moses, Loansource submitted a
25 VOR form containing information known by Loansource to be false, specifically that the
26 borrower had been renting a residence at 5903 Michigan Avenue for \$900 per month,



1 Loansource violated ORS 86A.154(3), formerly ORS 59.930(3), and ORS 86A.183(1)(a),
2 formerly ORS 59.971(1)(a).

3 129. Loansource failed to supervise diligently and adequately control loan originators in
4 violation of ORS 86A.115(15), formerly ORS 59.865(15).

5 **III.**

6 **ORDER**

7 NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:

8 **Cease and Desist Order**

9 130. The Director, pursuant to ORS 86A.127(4), formerly ORS 59.885(4), hereby
10 ORDERS that Respondents Loansource and Slaight CEASE AND DESIST from violating any
11 provision of Oregon Mortgage Lender Law, OAR 441-850-0005 through 441-885-0010, and any
12 rule, order or policy issued by the Division.

13 **Bar from Mortgage Lending Industry, Denial of Securities Registration and Transaction**
14 **Exemptions, Bar from Other Financial Service Industries Regulated by the Director**

15 131. Respondent Slaight is, until further Order by the Director, **PROHIBITED** from
16 owning, controlling, acting as a partner, officer, director, experienced person or loan originator,
17 and from performing similar functions as a partner, officer, director, experienced person or loan
18 originator for a mortgage banker or mortgage broker or performing similar functions of a partner,
19 officer, director, experienced person or loan originator for any company licensed, or required to
20 be licensed by the Division as a mortgage banker or mortgage broker.

21 132. Respondent Slaight is permanently **BARRED** from applying for, obtaining or
22 renewing any license or registration in any financial service industry regulated by the Director
23 including: securities investment adviser, securities broker-dealer, securities salesperson, insurer,
24 insurance producer, consumer finance lender, or appraisal management company.

25 133. Respondent Slaight is permanently **BARRED** from applying to register or renew any
26 securities registration in the State of Oregon.



1 134. Respondent Slaight is permanently **DENIED** the use of securities registration and
2 transaction exemptions that would otherwise be available to him under ORS 59.025 and ORS
3 59.035, respectively.

4 135. Respondent Slaight is permanently **BARRED** from applying for, holding, or
5 renewing any license or registration for any consumer finance-related position for any
6 manufactured structure dealer.

7 **Order Assessing Civil Penalties**

8 136. The Director, pursuant to ORS 86A.992, formerly ORS 59.996, hereby **ORDERS**
9 Respondents Loansource and Slaight, jointly and severally, to pay the State of Oregon a **CIVIL**
10 **PENALTY** totaling \$76,000 (seventy-six thousand dollars) as follows:

11 A. A **CIVIL PENALTY** of \$500 (five hundred dollars) each for six violations of OAR
12 441-880-0030(6) by continuing to employ six persons as loan originators who did not meet the
13 initial education requirements established by ORS 441-880-0020(2), for a subtotal of \$3,000
14 (three thousand dollars);

15 B. A **CIVIL PENALTY** of \$500 (five hundred dollars) each for twenty-two violations of
16 OAR 441-880-0030(6) by continuing to employ 22 persons as a loan originators who did not
17 meet the continuing education requirements established by ORS 441-880-0020(3), for a subtotal
18 of \$11,000 (eleven thousand dollars);

19 C. A **CIVIL PENALTY** of \$1,000 (one thousand dollars) each for six violations of OAR
20 441-865-0060(1)(d) by failing to maintain in its books and records, copies of the executed Good
21 Faith Estimate prepared pursuant to Federal Regulation X in the respective files for borrowers
22 Borrower KN, Borrower SH, Borrower SL, Borrower AS, Borrower TR and Borrower YM, for
23 a subtotal of \$6,000 (six thousand dollars);

24 D. A **CIVIL PENALTY** of \$1,000 (one thousand dollars) each for eight violations of
25 OAR 441-865-0060(1)(g) by failing to maintain a copy of the Truth-in-Lending disclosure
26 statement made pursuant to Federal Regulation Z in the respective files for borrowers Borrower



1 KN, Borrower SV, Borrower MY, Borrower SL, Borrower VS, Borrower SH, Borrower AS and
2 Borrower YM, for a subtotal of \$8,000 (eight thousand dollars);

3 E. A CIVIL PENALTY of \$1,000 (one thousand dollars) each for three violations of
4 OAR 441-865-0060(1)(c) by failing to maintain a compliant rate lock or float agreement
5 acknowledged by the borrower in the respective files for borrowers Borrower LN, Borrower SL
6 and Borrower AS, for a subtotal of \$3,000 (three thousand dollars);

7 F. A CIVIL PENALTY of \$5,000 (five thousand dollars) for violating ORS 86A.179(1),
8 formerly ORS 59.969(1), by failing to register Patrick Fountain as a loan originator with the
9 Director;

10 G. A CIVIL PENALTY of \$5,000 (five thousand dollars) for violating OAR 441-880-
11 0050(1) by failing to conduct criminal record check prior to hiring Paul A. Campbell as a loan
12 originator and for violating OAR 441-880-0050(5) by failing to notify the Director within three
13 business days of receiving a criminal records check containing a disqualifying conviction for
14 loan originator Paul A. Campbell;

15 H. A CIVIL PENALTY of \$5,000 (five thousand dollars) for violating ORS 86A.183(2),
16 formerly ORS 59.971(2), by employing a person, Paul A. Campbell, as a loan originator who
17 had a disqualifying conviction and for violating OAR 441-865-0050(6)(c) by hiring or
18 continuing to employ Paul A. Campbell, who had a disqualifying conviction, without obtaining
19 a “no-action” letter from the Director;

20 I. A CIVIL PENALTY of \$5,000 (five thousand dollars) for violating ORS 86A.154(2),
21 formerly ORS 59.930(2), by knowingly making an untrue statement of material fact to the
22 Director in submitting a “Section 5, Affiliated Person Information” form as part of the required
23 loan originator registration process for Paul A. Campbell which indicated Campbell had no
24 convictions within the previous 10 years of which an essential element was fraud when, in fact,
25 Slaight knew that Campbell had been convicted for theft;

26 J. A CIVIL PENALTY of \$5,000 (five thousand dollars) for violating ORS 86A.154(2),



1 formerly ORS 59.930(2), by knowingly making an untrue statement of material fact by creating
2 and submitting a loan application for Borrower JC in which the borrower's income had been
3 misrepresented;

4 K. A CIVIL PENALTY of \$5,000 (five thousand dollars) for violation of ORS
5 86A.154(3), formerly ORS 59.930(3), by engaging in an act, practice or course of business
6 which operates or would operate as a fraud or deceit on a lender by submitting a "Note" in the
7 transaction for Borrower CH that increased the selling price for the subject property and a VOR
8 form that each contained the forged signature of the borrower;

9 L. A CIVIL PENALTY of \$5,000 (five thousand dollars) each for two violations of
10 ORS 86A.154(3), formerly ORS 59.930(3), by engaging in acts, practices or a course of
11 business which operate or would operate as a fraud or deceit on a lender by creating and then
12 submitting fraudulent loan applications for borrower Moses, for a subtotal of \$10,000 (ten
13 thousand dollars); and

14 M. A CIVIL PENALTY of \$5,000 (five thousand dollars) for violation of ORS
15 86A.115(15), formerly ORS 59.865(15), by failing to supervise diligently and control the
16 mortgage-related activities of all loan originators.

17 **Suspension of Civil Penalty**

18 137. The Director SUSPENDS the collection of the CIVIL PENALTY assessed herein
19 based on the fact that Respondent Slaight has filed for bankruptcy protection. The CIVIL
20 PENALTY will be SUSPENDED so long as the bankruptcy proceeding filed by Respondent
21 Slaight is not dismissed and providing Respondents Loansource and Slaight commit no future
22 violations of the Oregon Mortgage Lender Law and comply with the terms of this Consent
23 Order.

24 138. The Director reserves the right to immediately impose the suspended CIVIL
25 PENALTY upon a determination that either Loansource or Slaight have violated any provision
26 of the Oregon Mortgage Lender Law, ORS chapter 86A, any administrative rule adopted by the



1 Director pursuant to the Oregon Mortgage Lender Law, or any term or provision of this Consent
2 Order.

3 139. The entry of this Consent Order in no way limits further remedies which may be
4 available to the Director under Oregon law.

5 IT IS SO ORDERED.

6 Dated this 21st day of January, 2011, at Salem, Oregon.

7 SCOTT L. HARRA, Acting Director
8 Department of Consumer and Business Services

9 /s/ David Tatman
10 David C. Tatman, Administrator
11 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) 378-4387



1 **CORPORATE STIPULATION TO ENTRY OF ORDER**
2 (for Loansource Funding, LLC)

3 I, James C. Slaight, state that I am, or was, the managing member or an officer of
4 Loansource Funding, LLC (“Loansource”), and I am authorized to act on its behalf; that I have
5 read the foregoing Consent Order and that I know and fully understand the contents hereof; that I
6 and this entity have been advised of the right to a hearing and of the right to be represented by
7 counsel in this matter; that Loansource, voluntarily and without any force or duress, stipulates to
8 the entry of this Consent Order, expressly waiving any right to a hearing in this matter; that
9 Loansource neither admits nor denies liability with respect to the Findings of Fact and
10 Conclusions of Law in the foregoing Consent Order; that Loansource, executes this Consent
11 Order as a settlement of the matters referred to in the foregoing Consent Order; that Loansource,
12 understands that the Director reserves the right to take further actions to enforce this Consent
13 Order or to take appropriate action upon discovery of other violations of the Oregon Mortgage
14 Lender Law; and that Loansource will fully comply with the terms and conditions stated herein.

15 Loansource further assures the Director that neither Loansource, nor its members,
16 officers, directors, employees or agents, will effect residential mortgage transactions in Oregon
17 unless such activities are in full compliance with Oregon Mortgage Lender Law, ORS chapter
18 86A.

19 Loansource understands that this Consent Order is a public document.

20 Dated this 13th day of January, 2011.

21 By: /s/ James C. Slaight
22 James C. Slaight

23 Office Held: Managing Member

24 **CORPORATE ACKNOWLEDGMENT**

25 State of Washington

26 County of Clark

27 There appeared before me this 13th day of January, 2011, James
28 C. Slaight, who was first duly sworn on oath, and stated that he is or was the managing member
29 or an officer of Loansource Funding, LLC, and that he is authorized and empowered to sign this
30 Consent Order on behalf of Loansource Funding, LLC and to bind Loansource Funding, LLC to
31 the terms hereof.

32 /s/ Kara K. Crisifulli
Signature of Notary Public

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



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PERSONAL CONSENT TO ENTRY OF ORDER

I, James C. Slaight, state that I have read the foregoing Consent Order and that I know and fully understand the contents hereof; that I have been advised of the right to a hearing and of the right to be represented by counsel in this matter; that I voluntarily and without any force or duress, consent to the entry of this Consent Order, expressly waiving any right to a hearing in this matter; that I understand that the Director reserves the right to take further actions to enforce this Consent Order or to take appropriate action upon discovery of other violations of the Oregon Mortgage Lender Law; and that I will fully comply with the terms and conditions stated herein.

I understand that this Consent Order is a public document.

Dated this 13th day of January, 2011.

/s/ James C. Slaight
James C. Slaight

SUBSCRIBED AND SWORN TO before me this 13 day of January, 2011.

/s/ Kara K. Crisifulli
Signature of Notary Public

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