

1
2
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-11-0105

9 **Loan Republic Financial Inc.,**
10 **Respondent.**

Order to Cease and Desist, Order
Assessing Civil Penalty and Consent to
Entry of Order

11
12
13 **WHEREAS** the Director (hereinafter the “Director”) of the Department of Consumer &
14 Business Services for the State of Oregon (hereinafter the “Department”) conducted an
15 investigation into the activities of Loan Republic Financial Inc. (hereinafter “Loan Republic”)
16 and determined that Loan Republic engaged in activities constituting violations of ORS 86A.095
17 et seq. (hereinafter cited as the Oregon Mortgage Lender Law); and

18 **WHEREAS** Loan Republic wishes to resolve this matter with the Director,

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

22 **FINDINGS OF FACT**

23 The Director FINDS that:

- 24 1. Loan Republic Financial Inc. (hereinafter “Loan Republic”) is a Delaware
25 corporation first registered with the Oregon Secretary of State on March 4, 2010.
26 2. Loan Republic obtained an Oregon mortgage broker license from the Division of



1 Finance and Corporate Securities (hereinafter the "Division") on November 30, 2006.

2 3. Loan Republic's principal place of business is listed as 371 Village Square,
3 Orinda, California 94563.

4 4. In 2011, the Nationwide Mortgage Licensing System (hereinafter "NMLS")
5 released the mortgage call report (hereinafter "MCR") functionality. The MCR is comprised of
6 individual reports of activity by state, called Residential Mortgage Loan Activity reports
7 (hereinafter "RMLA"), that are compiled and submitted by the company to NMLS on a quarterly
8 basis for each state in which the company does business or sponsors a mortgage loan originator
9 license.

10 5. The intent was for companies to gather data for the first quarter of 2011
11 (hereinafter "Q1"), and Q1 reports would be due 45 days after the end of Q1. Thereinafter
12 companies were then required to submit each quarterly report 45 days after the end of the
13 quarter.

14 6. The NMLS online Resource Center provided the following time frames and due
15 dates for companies' MCRs. Q1 data dates from January 1 through March 31, and the MCR is
16 due on May 15, 2011. Quarter two (hereinafter "Q2") data dates from April 1 through June 30,
17 and the MCR is due on August 14, 2011.

18 7. Since this was a new report, the Division undertook an extensive campaign to
19 notify companies of the new MCR reporting requirement. All emails were sent to the email
20 address of record for the company.

21 8. In this case the emails were sent to joshmotto@loanrepublic.com which was the
22 email address of record for Loan Republic at all times relevant to this order.

23 9. The first notification was sent on January 12, 2011, notifying Loan Republic of
24 the MCR requirements via email.

25 10. The second notification was sent via email on March 9, 2011, notifying Loan
26 Republic that the Winter 2011 newsletter was available on the Division's website. The



1 newsletter contained an article that outlined the MCR requirements, including when the quarterly
2 reports were due.

3 11. The third notification was posted on the Division's website and mailed to Loan
4 Republic via regular U.S. mail. This notification was the Spring Newsletter which included
5 information about the requirement to file a quarterly call report in NMLS.

6 12. A fourth notification was sent on May 13, 2011, explaining that both the Q1, and
7 Q2 reports were due on August 14, 2011.

8 13. A fifth notification was made on August 5, 2011, when the Division posted a
9 deficiency on NMLS notifying them of the requirement to file the MCR in Oregon. When a
10 deficiency is placed in NMLS an email is automatically sent to the licensee.

11 14. A sixth notification was sent via email on August 5, 2011, notifying Loan
12 Republic of the need to file a Q2 MCR report.

13 15. A seventh notification was sent via email on August 16, 2011, notifying Loan
14 Republic of the need to file a Q2 MCR report.

15 16. An eighth notification was sent via regular us mail on August 19, 2011, to the
16 address of record for Loan Republic per NMLS. The letter notified Loan Republic that they are
17 required to file the MCR, including Oregon RMLA, for Q2 of 2011. The letter explained that the
18 report had to be filed by September 23, 2011 or the matter would be referred for enforcement
19 action.

20 17. On September 23, 2011, the Division reviewed NMLS and learned that Loan
21 Republic had not filed their Q2 MCR. The matter was then referred to enforcement.

22 CONCLUSIONS OF LAW

23 The Director CONCLUDES that:

24 18. By failing to file the Q2 MCR including RMLA for Oregon in NMLS by August
25 14, 2011, after being notified to do so numerous times, Loan Republic continuously violated
26 ORS 86A.239(2).



1 **ORDERS**

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

3 19. The Director, pursuant to ORS 86A.127, hereby ORDERS Loan Republic to
4 Cease and Desist from violating Oregon’s Mortgage Lender Law.

5 20. The Director, pursuant to ORS 86A.992(1) and ORS 86A.992(2), hereby
6 ORDERS Loan Republic to pay a civil penalty of \$1,000 for the violation of ORS 86A.239(2)
7 described herein.

8 Dated this 7th day of December, 2011.

9 SCOTT L. HARRA, Acting Director
10 Department of Consumer and Business Services

11 /s/ David Tatman
12 David C. Tatman, Administrator
13 Division of Finance and Corporate Securities
14
15
16
17
18
19
20
21
22
23
24
25
26

350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 **CORPORATE CONSENT TO ENTRY OF ORDER**

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

11 I further assure the Director that neither Loan Republic Financial Inc., nor its officers,
12 directors, employees or agents, will effect mortgage transactions in Oregon unless such activities are
13 in full compliance with Chapter 86A of the Oregon Revised Statutes.

14 Loan Republic Financial Inc. understands that this Consent Order is a public document.

15 Dated this ____ day of November, 2011.

16 By /s/ Josh Moto , _____
17 (Signature) (Office Held)

18 **ENTITY ACKNOWLEDGMENT**

19 There appeared before me this 7th day of November 2011 Joshua P. Motto who was
20 first duly sworn on oath, and stated that he was and is an officer of Loan Republic Financial
21 Inc. and that he is authorized and empowered to sign this Consent to Entry of Order on
22 behalf of Loan Republic Financial Inc., and to bind Loan Republic Financial Inc. to the terms
23 hereof.

24 /s/ Robert Martin
25 Notary Public for the State of CA
26 My commission expires: Aug. 14th 2014

350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

