





1 company formed on June 21, 2004 with principal offices located at 9400 SW Beaverton-Hillsdale  
2 Highway Suite 131, Beaverton, Oregon 97005.

3 2. Gregory Funding received a mortgage banker/broker license from the Oregon  
4 Division of Finance and Corporate Securities (hereinafter "Division") on March 17, 2005  
5 (NMLS# 266062) and has been continuously licensed since that date.

6 3. Gregory Funding is a wholly-owned company of Great Ajax FS LLC, a Delaware  
7 limited liability company formed on January 4, 2011 and foreign-registered in Oregon on  
8 December 6, 2011. Great Ajax FS LLC is a subsidiary of Aspen Yo LLC, an Oregon limited  
9 liability company formed on February 5, 2003, which the company describes as a holding  
10 company parent.

11 4. Great Ajax LLC's business operations consist of the business of Gregory Funding and  
12 of some real estate owned-management subsidiaries under the umbrella of its other wholly-owned  
13 company, Gregory Properties LLC, an Oregon limited liability company formed on December 30,  
14 2010. Gregory Funding serves as Manager of Gregory Properties LLC and its subsidiaries.

15 5. Gregory Funding has never listed other trade names on its Oregon mortgage  
16 banker/broker license.

17 6. To the extent the aforementioned companies are operating companies, they all operate  
18 from a common principal place of business.

## 19 **II. Examinations**

20 7. On March 20, 2008, the Division completed an on-site examination of the books and  
21 records of Gregory Funding, and the company received a marginal score of 4. Four loan files  
22 were selected for review, and the examination revealed, among other things, that none of the files  
23 reviewed contained an interest rate lock or float agreement.

24 8. A follow-up examination was completed on November 2, 2009, and the company  
25 received an outstanding score of 1. Four loan files were selected for review, and none of the files  
26 contained a compliant interest rate lock or float agreement.



1 **III. Consumer Complaint**

2 9. On or about November 23, 2009, the Division received a consumer complaint against  
3 Gregory Funding and mortgage loan originator Randal Sutherlin (hereinafter "Sutherlin"). The  
4 complaint was filed on behalf of an Oregon resident (hereinafter "Oregon Borrower") who  
5 obtained a refinance mortgage loan and two subsequent loan modifications from Gregory  
6 Funding.

7 10. The complaint reported that the transactions Oregon Borrower completed with Gregory  
8 Funding violated the Truth in Lending Act (hereinafter "TILA") and the Home Ownership and  
9 Equity Protection Act (hereinafter "HOEPA") regulations for high-rate high-fee loans and  
10 disclosure requirements.

11 11. In September 2005, there was a pending foreclosure sale on Oregon Borrower's home,  
12 and he contacted Gregory Funding about obtaining a refinance of his then-existing mortgage loan  
13 on his primary residence.

14 12. Oregon Borrower obtained a refinancing mortgage loan, representing an extension of  
15 credit, with Gregory Funding on or about September 16, 2005. Gregory Funding modified this  
16 loan on or about September 21, 2006 with an October 1, 2006 effective date, and, after Oregon  
17 Borrower could not make his monthly mortgage payments, entered into a default forbearance  
18 agreement as of November 29, 2007 and modified the loan a second time as of December 19,  
19 2007.

20 13. Sutherlin originated Oregon Borrower's initial refinancing transaction for Gregory  
21 Funding and was not a registered loan originator with the Division at that time.

22 14. On or about March 29, 2007, Gregory Funding registered Sutherlin as a loan originator  
23 with the Division.

24 15. In the Oregon transition to NMLS mortgage loan originator licensing, Sutherlin did not  
25 obtain an Oregon loan originator license. His authorization to originate Oregon residential  
26 mortgage loans therefore terminated automatically on August 1, 2011. Gregory Funding reports



1 that Sutherlin has not originated loans for Gregory Funding since that date.

2 16. Oregon Borrower later defaulted on his Gregory Funding loan and his property sold in  
3 foreclosure to Gregory Funding as sole bidder. In settlement of Oregon Borrower's complaints  
4 about his loan terms, Gregory Funding rescinded the foreclosure sale and reinstated the loan on  
5 modified terms. At this time, Oregon Borrower continues to pay on his Gregory Funding loan.

6 **IV. Reviews of 2005 - 2008 Loan Files**

7 17. In February 2010, pursuant to an inquiry and Oregon Borrower's complaint, the Division  
8 requested, received, and reviewed Gregory Funding mortgage loan files from several loan  
9 program areas including high-rate and high-fee loans and loans with balloon payments made from  
10 2005 to 2008.

11 18. In that timeframe, Gregory Funding specialized in sub-prime lending to distressed  
12 borrowers, many of whom were facing foreclosure on their mortgage loans. Twenty-one loan files  
13 were reviewed, including Oregon Borrower's transactions.

14 19. Oregon Borrower's transaction files contain pay stubs dating from April 16, 2006  
15 through May 15, 2006 from a job he had recently started and a credit report dated September 12,  
16 2005 wherein Oregon Borrower received a poor score from all three major credit reporting  
17 agencies. The files do not contain a Form W-2, tax return documents, bank statements, or any  
18 evidence of Oregon Borrower's ability to repay the loan or the subsequent loan modifications.  
19 Gregory Funding has been unable to provide additional evidence of Oregon Borrower's  
20 repayment ability.

21 20. Three refinance residential mortgage loan transactions made in the period from March  
22 2005 to September 2005 had APRs exceeding the sum of the comparable treasury note rate  
23 plus eight percent. These loans include a balloon payment, a lump sum of at least twice the  
24 amount of the regular payments required, for a loan with a term less than five years and were  
25 therefore subject to HOEPA disclosure requirements.

26 21. These three loan files did not contain the written disclosures required by HOEPA warning



1 of certain aspects of the loans, and the borrowers did not receive HOEPA disclosures.

2 22. Twelve of the twenty-one reviewed files did not include a completed initial Truth in  
3 Lending Act disclosure statement (hereinafter "TIL").

4 23. Sixteen of the loan files did not contain an interest rate lock or float agreement.

5 24. Eight of the loan files contain loan applications that were partially blank or incomplete  
6 and were signed by the borrowers. These files did not include additional information or  
7 documentation addressing the provisions of the loan applications that were left blank or  
8 incomplete.

### 9 CONCLUSIONS OF LAW

10 The Director CONCLUDES that:

11 1. In 2005, Gregory Funding originated three refinance mortgage loans that constitute  
12 consumer credit transactions under 12 CFR 226.2 and 12 CFR 226.32.

13 2. In 2005, Gregory Funding originated three transactions constituting mortgages under 15  
14 USC 1602(aa).

15 3. By completing three consumer credit transactions with first lien loans on the borrowers'  
16 primary residences that included a balloon payment with a term of less than five years where the  
17 Annual Percentage Rate exceeded the applicable treasury note rate by more than eight percentage  
18 points, Gregory Funding violated 15 USC 1639(e) and 12 CFR 226.32. The violation of 15 USC  
19 1639(e) and 12 CFR 226.32 constitutes illegal conduct in violation of ORS 59.865(2), currently  
20 ORS 86A.115(2).

21 4. By failing to provide the proper written disclosures under HOEPA for three consumer  
22 credit transactions subject to the restrictions of 12 CFR 226.32, Gregory Funding violated 15  
23 USC 1639(a), 12 CFR 226.32 and ORS 59.955, currently ORS 86A.169.

24 5. By failing to include an interest rate lock or float form in sixteen loan files reviewed,  
25 Gregory Funding violated OAR 441-865-0060(1)(c).

26



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 2. Maintain a copy of the Truth in Lending Act disclosure made pursuant to Regulation Z  
2 as required under OAR 441-865-0060(1)(g) in every loan file.

3 3. Prior to closing, prepare and supply the borrower with the disclosures as required by 15  
4 USC 1601 et seq. and 12 CFR, Part 226 and also required under ORS 86A.169.

5 4. Follow standards and restrictions for high-interest, high-fee mortgage loans under 15  
6 USC 1639, 12 CFR § 226.32 and 12 CFR 226.34.

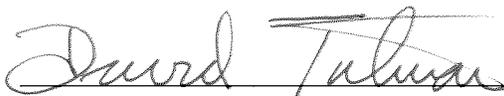
7 5. Fully complete the loan application form 1003 and have the borrower complete the  
8 required portions.

9 The Director reserves the right to take further action against Gregory Funding to enforce this  
10 Order, or to take appropriate action upon discovery of new violations of the Oregon Mortgage Lender Law  
11 that arise from facts and circumstances that are not set forth herein. The Director will not take any  
12 additional action against the Respondent for violations of the Oregon Mortgage Lender Law that arise  
13 from facts and circumstances that are set forth herein.

14 Dated this 6<sup>th</sup> day of December 2012.

15 PATRICK ALLEN, Director

16 Department of Consumer and Business Services

17   
18 \_\_\_\_\_

19 David C. Tatman, Administrator

20 Division of Finance and Corporate Securities

21 **ENTITY CONSENT TO ENTRY OF ORDER**

22 I, Irving Potter, state that I am an officer of Respondent Gregory  
23 Funding and I am authorized to act on its behalf. I have read the foregoing Order and that I  
24 know and fully understand the contents hereof; that this entity has been advised of the right to a  
25 hearing and of the right to be represented by counsel in this matter. Respondent voluntarily, and  
26 without any force or duress, consents to the entry of this Order, expressly waiving any right to a

1 hearing in this matter; that Gregory Funding understands that the Director reserves the right to  
2 take further actions to enforce this Order or to take appropriate action upon discovery of other  
3 violations of the Oregon Mortgage Lender Law; and that Gregory Funding will fully comply  
4 with the terms and conditions stated herein.

5 Gregory Funding further assures the Director that neither Gregory Funding, nor its  
6 officers, directors, employees or agents, will effect mortgage transactions in Oregon unless such  
7 activities are in full compliance with the Oregon Mortgage Lender Law.

8 Gregory Funding understands that this Consent Order is a public document.

9 Dated this 19th day of November 2012

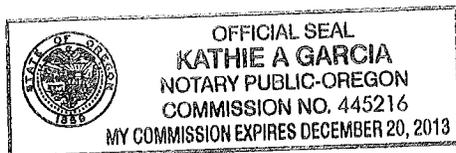
11 By \_\_\_\_\_

12 Authorized Agent  
13 Office Held

14  
15 **ENTITY ACKNOWLEDGMENT**

16 There appeared before me this 19th day of November 2012

17 Irving Potter who was first duly sworn on oath, and stated that he was and is an  
18 officer of Respondent and that he is authorized and empowered to sign this Consent to Entry of  
19 Order on behalf of Respondent, and to bind Respondent to the terms hereof.



21 Kathie A. Garcia

22 Notary Public for the State of: Oregon

23 My commission expires: 12-20-13

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