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**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCE AND CORPORATE SECURITIES
MORTGAGE LENDING SECTION**

In the Matter of:

**Bay Equity, LLC
NMLS # 76988**

Respondent.

**M-12-0002
ORDER TO CEASE AND DESIST,
ORDER TO PAY EXAMINATION
EXPENSES, AND
CONSENT TO ENTRY OF ORDER**

WHEREAS the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter “the Director”) conducted an investigation of Bay Equity, LLC and determined that Bay Equity, LLC engaged in activities constituting violations of 86A.100 et seq. (hereinafter cited as the “Oregon Mortgage Lender Law”); and

WHEREAS Bay Equity, LLC wishes to resolve and settle this matter with the Director,

NOW THEREFORE, as evidenced by the authorized signature subscribed on this order, Bay Equity, LLC hereby **CONSENTS** to entry of this order upon the Director’s Findings of Fact and Conclusions of Law as stated hereinafter:

FINDINGS OF FACT

The Director **FINDS** that:

1. Bay Equity, LLC (hereinafter “Bay Equity”) is a California limited liability company first registered with the Oregon Secretary of State on August 20, 2007. The company has a principal place of business located at 88 Kearny Street, Third Floor, San Francisco, California 94108.
2. Bay Equity first became licensed with the Oregon Division of Finance and Corporate Securities (hereinafter “Division”) to engage in Oregon residential mortgage transactions on October 17, 2008. This license expired on October 17, 2009.

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 3. Bay Equity applied for and received a new license on November 17, 2009, and that
2 license is set to expire on December 31, 2012, NMLS# 76988.

3 4. On July 11, 2011, an examiner employed by the Division completed a desk examination
4 of the books and records of Bay Equity. Bay Equity received a marginal score of 4 out of a
5 possible 5, with 5 being the worst.

6 5. The examination revealed, among other things, disclosure violations related to the Good
7 Faith Estimate and the Truth in Lending disclosures, and that Bay Equity failed to complete a
8 criminal records check prior to the hire of all loan originators and failed to include an interest
9 rate lock or float agreement in all loan files reviewed.

10 6. On or about August 25, 2011, the Division sent a report to Bay Equity's address of record
11 in NMLS detailing the examination findings (hereinafter "examination report") with a cover
12 letter requiring a response within two weeks along with an invoice for payment of the \$525
13 examination fee. No response was received.

14 7. On October 3, 2011, the Division sent an e-mail to Bay Equity's e-mail address of record
15 in NMLS, Brett@bayeq.com, requesting a response to the examination report within two weeks
16 of the date of the e-mail.

17 8. Because no response was received, on October 24, 2011, the Division sent another e-mail
18 attaching a copy of the examination report and demanding a response to the report within two
19 weeks of the e-mail.

20 9. Because no examination response was received, on November 14, 2011, the Division sent
21 a letter to Bay Equity warning that the response to the examination report was due and gave the
22 company 30 days to file the response.

23 10. As of January 10, 2012, Bay Equity had not filed a response to the examination report
24 first sent on August 25, 2011.

25 11. On or about January 11, 2011, the Division issued an Order Suspending Mortgage Broker
26 License, Order to Pay Examination Expenses, and Notice of Right to a Hearing.



1 12. On January 13, 2012, Bay Equity submitted a satisfactory response to the examination
2 report.

3 13. Division employees spent five hours of examiner and enforcement time following the
4 issuance of the examination report working to complete the examination.

5 14. As of the date of this Order, the Division has not received payment of the \$525
6 examination fee from Bay Equity.

7 **CONCLUSIONS OF LAW**

8 The Director **CONCLUDES** that:

9 1. By failing to respond to the Division's examination report following numerous requests,
10 Bay Equity violated ORS 86A.115(11).

11 2. The five hours of Division examiner and enforcement time spent preparing this case
12 following the issuance of the examination report subjects Bay Equity to \$75 an hour examination
13 expenses under ORS 86A.124.

14 **ORDER**

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

16 The Director, pursuant to ORS 86A.127(4), hereby **ORDERS** that Bay Equity will
17 **CEASE AND DESIST** from violating any provision of the Oregon Mortgage Lender Law, any
18 rules, or orders issued by the Division.

19 Pursuant to OAR 441-860-0110(2), Bay Equity must pay the \$525 examination fee for
20 the July 2011 examination.

21 Pursuant to OAR 441-860-0110(2), Bay Equity must pay \$375 in additional examination
22 expenses (\$75.00 x 5 for the five hours of Division time spent preparing this case. The date of
23 this Order is the day the Director or Director's nominee signs the order. The entry of this Order
24 in no way limits further remedies which may be available to the Director under Oregon law.

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Dated this 6th day of March 2012

PATRICK ALLEN, Director

Department of Consumer and Business Services

/s/ David Tatman

David C. Tatman, Administrator

Division of Finance and Corporate Securities

ENTITY CONSENT TO ENTRY OF ORDER

I, Casey McGovern, state that I am an officer of Respondent Bay Equity, and I am authorized to act on its behalf. I have read the foregoing Order and that I know and fully understand contents hereof and this entity have been advised of the right to a hearing and of the right to be represented by counsel in this matter. Respondent voluntarily and without any force or duress, consents to the entry of this Order expressly waiving any right to a hearing in this matter. Respondent understands that the Director reserves the right to take further action to enforce this Order or to take appropriate action upon discover of other violations of the Oregon Mortgage Lender Law; and that Respondent will fully comply with the terms and conditions stated herein. Respondent further assures the Director that neither Respondent, nor its officers, directors, employees or agents will effect mortgage transactions in Oregon unless such activities are in full compliance with the Oregon Mortgage Lender Law.

Bay Equity understands that this Consent Order is a public document.

Dated this 23rd day of February 2012

By Casey McGovern

Managing Director
(Office held)

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ENTITY ACKNOWLEDGMENT

There appeared before me this _____ day of _____ 2012

_____ who was first duly sworn on oath, and stated that (s)he an officer of Respondent and that (s)he is authorized and empowered to sign this Consent to Entry of Order on behalf of Respondent and to bind Respondent to the terms hereof.

Notary Public for the State of:

My commission expires: _____

[California All Purpose Certificate of Acknowledgment attached]

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CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of San Francisco

On Feb 23th before me, Hanieh Arbabi,
(Here insert name and title of the officer)

personally appeared Casey McGovern,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

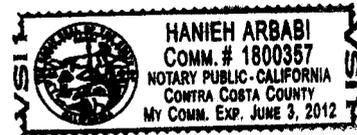
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

[Handwritten Signature]

Signature of Notary Public

(Notary Seal)



ADDITIONAL OPTIONAL INFORMATION

INSTRUCTIONS FOR COMPLETING THIS FORM

Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e. certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he/she/they~~, is /are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document

DESCRIPTION OF THE ATTACHED DOCUMENT

(Title or description of attached document)

(Title or description of attached document continued)
Number of Pages _____ Document Date _____

(Additional information)

CAPACITY CLAIMED BY THE SIGNER
<input type="checkbox"/> Individual (s)
<input type="checkbox"/> Corporate Officer
_____ (Title)
<input type="checkbox"/> Partner(s)
<input type="checkbox"/> Attorney-in-Fact
<input type="checkbox"/> Trustee(s)
<input type="checkbox"/> Other _____