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

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

In the Matter of:

**Legacy Group Lending, Inc.,
NMLS # 4455**

Respondent.

**M-11-0093
ORDER ACCEPTING LICENSE
SURRENDER, ORDER ASSESSING
CIVIL PENALTIES, 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 Legacy Group Lending, Inc. (hereinafter “LGL”) and determined that LGL engaged in activities constituting violations of ORS 86A.100 et seq. and OAR 441-850-0005 through 441-885-0010 (hereinafter collectively cited as the “Oregon Mortgage Lender Law”); and

WHEREAS LGL wishes to resolve and settle this matter with the Director,

NOW THEREFORE, as evidenced by the authorized signature subscribed on this order, LGL 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. LGL is a Washington limited liability company formed on July 16, 1997. LGL’s principal place of business is located at 11225 Southeast 6th Street, Suite 110, Bellevue Washington 98004.

2. LGL first became licensed to engage in Oregon residential mortgage transactions on January 26, 2007.





1 3. LGL previously operated several Oregon licensed branch locations.

2 4. On August 13, 2010, an examiner employed by the Oregon Division of Finance and
3 Corporate Securities (hereinafter "the Division") completed a desk examination of the
4 company's books and records, and LGL received a poor score of 5 out of a possible 5, with 5
5 being the worst.

6 5. The examination revealed, among other things, that LGL loan processors or other
7 unlicensed employees signed loan applications on behalf of licensed loan originators, all
8 borrower files did not include an interest rate lock or float agreement, and the personnel ledger
9 was incomplete.

10 6. Following the examination, the Division issued an exam report to LGL detailing the
11 findings and instructed LGL to correct the deficiencies noted in the exam.

12 7. LGL responded to the examination report indicating that the company now had
13 appropriate compliance measures in place to correct the violations.

14 8. A follow-up examination was completed on-site at an Oregon LGL branch location on
15 May 11, 2011, and LGL received a satisfactory score of 3.

16 9. Although the company received an overall score that is satisfactory, the follow-up
17 examination revealed several repeat violations that LGL had indicated in their response to the
18 previous examination report would be corrected. Specifically, LGL loan processors or
19 other unlicensed employees had again signed loan applications on behalf of loan originators, the
20 personnel ledger was still incomplete, and all loan files reviewed did not include an interest rate
21 lock or float agreement.

22 10. In addition, the follow-up examination also revealed that on August 27, 2010 a LGL
23 employee Nancy Glover who was not an Oregon licensed loan originator took an application for
24 a refinance loan on property located in Oregon.

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1 **CONCLUSIONS OF LAW**

2 The Director **CONCLUDES** that:

3 1. By continuing to allowing loan processors or other unlicensed individuals to sign loan
4 applications on behalf of loan originators after being instructed in a previous examination to stop
5 this practice and by allowing an employee that was not a licensed Oregon loan originator to take
6 an application for an Oregon loan, LGL failed to supervise diligently and control the mortgage-
7 related activities of its employees in violation of ORS 86A.115(16).

8 2. By repeatedly failing to include an interest rate lock or float agreement in all files
9 reviewed after being instructed in a previous examination to do so, LGL violated OAR 441-865-
10 0060(1)(c).

11 3. By repeatedly failing to maintain all of the required information in the personnel ledgers
12 after being instructed in a previous examination to do so, LGL violated OAR 441-865-0050(1).

13 **ORDER**

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

15 The Director, pursuant to ORS 86A.992, may assess civil penalties of up to \$5,000 per violation
16 of the Oregon Mortgage Lender Law. The Director, pursuant to ORS 86A.992, hereby **ORDERS**
17 LGL to pay a civil penalty of \$2,000 for the violation of ORS 86A.115(16), OAR 441-865-
18 0060(1)(c), and OAR 441-865-0050(1). The Director also accepts the surrender of the license
19 issued to LGL.

20 The entry of this Order in no way limits further remedies which may be available to the
21 Director under Oregon law, including for the violations noted in the Conclusions of Law section
22 above.

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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



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Dated this 22nd day of November, 2013.

PATRICK M. 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, Daniel Flitsch, state that I am an officer of LGL, and I am authorized to act on its behalf. I have read the foregoing order and that I know and fully understand the contents hereof. I have been advised of the right to a hearing and of the right to be represented by counsel in this matter. LGL voluntarily and without any force or duress consents to the entry of this order expressly waiving any right to a hearing in this matter. LGL understands that the Director reserves the right to take further actions to enforce this order or to take appropriate action upon discovery of other violations of the Oregon Mortgage Lender Law. LGL will fully comply with the terms and conditions stated herein.

LGL further assures the Director that neither LGL, 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. LGL understands that this Consent Order is a public document.

Dated this 4th day of November, 2013.

By Daniel Flitsch

COO
Office Held

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ENTITY ACKNOWLEDGMENT

There appeared before me this 8 day of November 2013,
Daniel Flistch, who was first duly sworn on oath, and stated that (s)he was and is an officer of
LGL and that (s)he is authorized and empowered to sign this Consent to Entry of Order on
behalf of LGL and to bind LGL to the terms hereof.

/s/ Kathy L. Dunn

Notary Public for the State of: Washington
My commission expires: 3/19/2016

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