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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:

**Merlot Mortgage, Inc.
NMLS# 191695**

Respondent.

M-13-0613

**FINAL ORDER TO CEASE AND DESIST,
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 Merlot Mortgage, Inc. (hereinafter “Merlot”) and determined that Merlot engaged in activities constituting a violation 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 Merlot wishes to resolve and settle this matter with the Director,

NOW THEREFORE, as evidenced by the authorized signature subscribed on this order, Merlot 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. Merlot is an Oregon corporation with a principal place of business located at 636 SW Otter Way, Bend, Oregon 97701 and a mailing address of 2840 NE Sedalia Loop Bend, Oregon 97701.
2. Merlot received a mortgage banker/broker license from the Oregon Division of Finance and Corporate Securities (hereinafter “Division”) on September 15, 2003, NMLS# 191695.





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I. 2013 Third Quarter Mortgage Call Report

3. In 2011 the Nationwide Mortgage Licensing System (hereinafter “NMLS”) released the mortgage call report (hereinafter “MCR”) functionality. The MCR includes a licensed mortgage broker’s Residential Mortgage Loan Activity (hereinafter “RMLA”) that is compiled and submitted by the company to NMLS on a quarterly basis.

4. The quarterly reports are due 45 days following the end of each quarter such that the 2013 third quarter (hereinafter “Q3”) MCR was due November 14, 2013.

5. Merlot employed at least one licensed loan originator during the Q3 of 2013.

6. Since Merlot had not filed the 2013 Q3 MCR with Oregon RMLA, on November 15, 2013, the Division sent an e-mail to Merlot’s e-mail address of record notifying that the company was required to file the 2013 Q3 MCR and informing that if it did not file by December 16, 2013, the matter would be referred for enforcement action and a civil penalty assessed.

7. The email was sent to Jeffk@bendcable.com which has been the e-mail address of record for Merlot at all times relevant to this order.

8. On November 15, 2013, the Division sent Merlot a letter to its mailing address notifying that if the 2013 Q3 MCR, including Oregon RMLA, was not filed by December 15, 2013, the matter would be referred for enforcement action.

9. Also on November 15, 2013, NMLS placed a deficiency on Merlot’s license notifying of the obligation to file the 2013 Q3 MCR.

10. Merlot filed the 2013 Q3 MCR on December 23, 2013.

CONCLUSIONS OF LAW

The Director **CONCLUDES** that:

1. By failing to file the 2013 Q3 MCR including RMLA for Oregon in NMLS by November 14, 2013, Merlot violated ORS 86A.239(2).

ORDER

NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:



1 The Director, pursuant to ORS 86A.127, hereby orders Merlot to Cease and Desist from
2 violating the Oregon Mortgage Lender Law.

3 The Director, pursuant to ORS 86A.992, may assess civil penalties of up to \$5,000 per violation
4 of the Oregon Mortgage Lender Law. Pursuant to these provisions, the Director hereby orders
5 Merlot to pay a civil penalty of \$1,000 for the violation of ORS 86A.239(2). Merlot will make
6 monthly payments of \$200 each month due by the close of business on the last day of the month
7 starting in January 2014.

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

11 Dated this 31st day of January, 2014.

12
13 PATRICK M. ALLEN, Director
14 Department of Consumer and Business Services

15 /s/ David Tatman
16 David C. Tatman, Administrator
17 Division of Finance and Corporate Securities

18 **ENTITY CONSENT TO ENTRY OF ORDER**

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

1 Merlot further assures the Director that neither Merlot, nor its officers, directors,
2 employees, or agents will effect mortgage transactions in Oregon unless such activities are in
3 full compliance with the Oregon Mortgage Lender Law. Merlot understands that this Consent
4 Order is a public document.

5 Dated this 10 day of Jan, 2014.

6
7 By /s/ Jeff Knox

8 Owner
9 Office Held

10 ENTITY ACKNOWLEDGMENT

11 There appeared before me this 10 day of January 2014,
12 Jeffery G. Knox , who was first duly sworn on oath, and stated that (s)he was and is an officer
13 of Merlot and that (s)he is authorized and empowered to sign this Consent to Entry of Order on
14 behalf of Merlot and to bind Merlot to the terms hereof.

15 /s/ Linda S. Stafford

16 Notary Public for the State of: Oregon
17 My commission expires: 9-28-15

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

