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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-12-0083

9 Silver Sierra Mortgage, Inc. (NMLS No.
10 93525), Paul Kuzmich, Sr. (NMLS No. 94018),
11 and Quality Home Center Limited, (MSD No.
12 396)

**Order to Cease and Desist and Consent to
Entry of Order**

13 Respondents.

14 The Director of the Department of Consumer and Business Services for the State of
15 Oregon (Director) conducted an investigation of Silver Sierra Mortgage, Inc. (SSM), Quality
16 Home Center Limited (QHC) and Paul Kuzmich, Sr. (Kuzmich) and determined that SSM
17 and Kuzmich engaged in activities constituting violations of Oregon Revised Statutes (ORS)
18 86A.100 *et seq.* and Oregon Administrative Rules (OAR) 441-850-0005 through 441-885-
19 0010 (collectively Oregon Mortgage Lender Laws and Rules). The Director further
20 determined that QHC and Kuzmich had engaged in activities constituting violations of ORS
21 446.661 *et seq.* and OAR 441-446-100 through 441-446-0300 (Oregon Manufactured
22 Structure Dealers and Dealerships Law).

23 As evidenced by the authorized signature subscribed on this order, all respondents
24 consent to entry of this order upon the Director's Findings of Fact and Conclusions of Law as
25 stated hereinafter

26 **FINDINGS OF FACTS**

The Director finds that:

SSM and Kuzmich





1 1. SSM, NMLS ID No. 93525, was a foreign corporation incorporated in Nevada on
2 May 23, 1990. Nevada revoked SSM's license on June 1, 2011.

3 2. At all times material, Kuzmich, NMLS ID No. 94019, was the President of SSM and
4 his wife, Jean, was the Secretary of SSM.

5 3. At all times material, SSM's principle place of business was 4062 Flying C Road,
6 Suite 35, Cameron Park, California 95682.

7 4. SSM first obtained its Oregon mortgage license No. ML-989, on August 13, 1996.
8 The license was cancelled on May 7, 2010.

9 5. SSM had a mortgage lender license in California, Oregon, Washington, and Idaho but
10 has not been licensed as a mortgage lender anywhere since at least June of 2010.

11 6. SSM was registered with the Oregon Secretary of State to conduct business in Oregon
12 but that authorization was administratively revoked on October 8, 2010.

13 7. At all times relevant herein, Oregon licensed mortgage lenders were required to
14 report to the Division of Finance and Corporate Securities (Division) the names of the
15 individuals authorized to act as a loan originator for Oregon residential mortgage loans on
16 behalf of the company. During the relevant times herein, SSM reported Kuzmich and Diana
17 Girvin as loan originators. SSM never reported Paul Kuzmich, Jr. or Linda Irwin to the
18 Division as loan originators.

19 8. On or about October 12, of 2001, SSM entered into Consent Order O-01-00-36 to
20 resolve allegations of unlicensed activity for taking an application and subsequent funding of
21 an Oregon mortgage transaction at a location that was not licensed and for failure to notify
22 the Director within 30 days of the occurrence of a change in ownership.

23 Quality Home Center Limited

24 9. QHC first obtained an Oregon Manufactured Structure Dealer (MSD) license (No.
25 396) in July of 2006. The license expired on July 31, 2012. However, the business closed on
26 or before August 17, 2010.



1 10. The MSD license application reflected that Jean Kuzmich was the President and that
2 Paul Kuzmich was the secretary of QHC.

3 11. QHC's filing with the Oregon Secretary of State listed Kuzmich as the President and
4 Jean Kuzmich as the secretary of QHC until March 25, 2010 when Jean Kuzmich was listed
5 as both the President and Secretary. Rick Durtschi (Durtschi) was listed as the Vice
6 President, General Manager, and contact person.

7 12. At all times material, the principal place of business for QHC was 1150 S. Front
8 Street, Coos Bay, Oregon 97420.

9 13. QHC filed its Articles of Incorporation with the Oregon Secretary of State on June 8,
10 2006 and was administratively dissolved on August 5, 2011.

11 Investigational Background

12 14. On or about April 2010, the Oregon Department of Justice (DOJ) received a
13 complaint from attorney David Tilton (Tilton) who represented consumers MB and AB and
14 WB and PB. The complaint was filed against SSM and QHC. Both couples had purchased
15 manufactured homes from QHC and obtained construction financing through SSM. DOJ
16 forwarded the complaint to the Division on or about May 2010.

17 15. Shortly after the Division received the complaint, Compliance Specialist Joyce Pierce
18 (Pierce) received a phone call from the landlord of the property that QHC leased for their
19 principal place of business. The landlord told Pierce that he was locking QHC out because
20 they were behind in their lease payments and owed over \$20,000 in back payments.

21 16. On or about May 25, 2010, Kuzmich called Pierce and told her that QHC was having
22 cash flows problems and that he had a number of outstanding debts. Kuzmich further stated
23 that some of the QHC files had been stolen.

24 17. On or about June 16, 2010, Pierce spoke with Harley Merservey (Merservey), the
25 owner of Munitor Construction LLC (Munitor). Merservey stated that Munitor provided
26 most of the construction setup for the manufactured homes ordered through QHC. He further

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1 stated that the company headquarters for Munitor was located in Portland, Oregon but that he
2 maintained a desk inside the office of QHC at their primary location in Coos Bay, Oregon.

3 18. Merservey stated that SSM/Kuzmich owed him approximately \$250,000 for personal
4 loans and unpaid services.

5 19. In the summer of 2010, the Division began receiving complaints from consumers who
6 had purchased manufactured homes from QHC. The consumers stated that QHC's lot
7 appeared to be abandoned.

8 20. Pierce contacted QHC's landlord and learned that the lot had been abandoned and
9 that 21st Century Mortgage, the flooring lender for QHC, had seized the inventory. QHC did
10 not notify the Division that they had closed their Oregon business location.

11 21. On May 5, 2011 Paul and Jean Kuzmich filed for Chapter 7 Bankruptcy. The debtors
12 were discharged on August 23, 2011 and the case was closed on October 4, 2011.

13 22. During the pendency and investigation of this matter, the Division only spoke with
14 Kuzmich and had no contact with Jean Kuzmich.

15 23. The list of private investors and consumers are set out below.

16 Private Investors: DG and MG; RG and PG; DB.

17 Consumers: AB and MB; PB and WB; DLG; RS and DS; RAS; LP.

18 AB and MB Transaction

19 24. On or about June 25, 2010, the Division received a complaint from AB.

20 25. AB stated that on or about May of 2009, AB and MB sought to purchase a
21 manufactured structure dwelling from QHC to place on their property located in Oregon. The
22 couple dealt with the manager of QHC, Durtschi.

23 26. AB sought a construction loan of \$140,000 from SSM. Shortly thereafter, SSM made
24 a construction draw to Munitor of \$33,000 to set up the home, a draw for a construction
25 management fee to SSM of \$2,380, and a draw to QHC of \$23,000 for the home.

26 27. In July of 2009 Munitor began preparing the building site by tearing down the
existing home.



1 28. In November of 2009, the structure was delivered to the site, but because Munitor
2 was not being paid, Munitor walked off the job without completing the construction project.

3 29. In May of 2010, the Division requested that Kuzmich provide the complete mortgage
4 and MSD files for the AB and MB transaction.

5 30. In June of 2010, Pierce again requested that Kuzmich provide the complete
6 transaction files for AB and MB. Kuzmich responded that he submitted copies of all the
7 documents he had available and that he believed the remaining documentation had been
8 stolen.

9 31. Kuzmich did not supply copies of the investors' file for the AB and MB transaction.

10 32. The escrow transaction file was requested from Ticor Title and was received by the
11 Division on July 15, 2010. Among other things, the file revealed that Paul Kuzmich Jr.
12 accepted AB and MB's loan application by telephone and that SSM executed an Assignment
13 of Deed of Trust from SSM to DG on or about August 21, 2009.

14 33. Noticeably missing from the file produced by Ticor was the purchase and sale
15 agreement for the home and the construction bid from Munitor.

16 34. In early December of 2010, AB told Pierce that MG and DG were private money
17 investors for AB and MB's construction loan through SSM and that MG and DG were
18 beginning foreclosure proceedings against AB and MB's real property.

19 35. On or about December of 2010, Pierce had conversations with investor DG. DG
20 stated that she and her husband had known Kuzmich for several years and had invested in
21 several Oregon properties with Kuzmich and had given Kuzmich substantial sums of money.
22 Kuzmich told the investors that the money was being used to finance interim construction
23 loans in both the investors' and Kuzmich's name.

24 36. DG stated that Kuzmich would take funds from the joint checking account the
25 couple had with Kuzmich and make loans for construction projects, but that MG and DG
26 never knew the names of the actual borrowers and never knew for what purpose the funds
were actually used.



1 37. DG further stated that the couple was unaware that some of the investment money
2 was being used to pay off outstanding judgments of AB and MB and others. Kuzmich told
3 investors MG and DG that borrowers AB and MB were FHA approved but the couple was
4 not FHA approved and DG stated that she and her husband would not have made the loan
5 had they known that AB and MB had poor credit.

6 38. DG told Pierce that Kuzmich never provided any financial information to DG and
7 MG regarding AB and MB's creditworthiness.

8 39. AB and MB retained Attorney Tilton regarding their dealings with Kuzmich, SSM
9 and QHC. Tilton, on behalf of AB and MB, requested an accounting from Kuzmich for all
10 monies received by Kuzmich, SSM, and QHC. When an accounting was not received, the
11 couple revoked acceptance of the home and demanded that the QHC immediately remove the
12 home from the couple's property.

13 40. Although SSM assured AB and MB of permanent financing for their home,
14 permanent funding was never obtained and the flooring lender, 21st Century Mortgage,
15 began foreclosure proceedings on the home and the private investors began foreclosure
16 proceedings on the real property.

17 41. The foreclosure proceeding initiated by 21st Century Mortgage came about because
18 they never received any funds from QHC although the HUD-1 indicated that that they were
19 paid \$23,000 for the home.

20 PB and WB Transaction

21 42. On or about November 16, 2010, Pierce contacted PB regarding her purchase of a
22 manufactured structure from QHC. PB stated that the couple initially worked with Paul
23 Kuzmich, Jr. of SSM and then worked with Durtschi of QHC. The dwelling was to be placed
24 on the couples' property located in Oregon.

25 43. Durtschi told PB that SSM would provide the couple with a \$125,000 construction
26 loan to cover the setup and construction costs and Kuzmich Jr. told PB that when the



1 construction was complete, SSM would obtain a permanent loan for the couple. Kuzmich Jr.
2 helped the couple with the initial paper work on the loan and then the couple worked with
3 Kuzmich Sr.

4 44. PB stated that prior to closing, the couple signed construction draws of \$8,000 to
5 Munitor and \$13,000 to QHC. PB further stated that the couple did not sign a contract with
6 Munitor.

7 45. SSM was unable to obtain a permanent loan for the couple and the couple began
8 receiving letters from an attorney representing investor DB in a foreclosure proceeding
9 against PB and WB. This was the first time that PB and WB learned that SSM had assigned
10 their loan to DB.

11 46. Munitor also began contacting PB and WB regarding payment for construction and
12 set up costs. Munitor claimed that it had not been paid by SSM.

13 47. On or about August 23, 2010, Pierce contacted DB. DB stated that he was the
14 private investor on the PB and WB transaction.

15 48. DB stated that he became the flooring lender for QHC when 21st Century Mortgage
16 capped QHC's line of credit. DB only recalled funding PB and WB's construction loan.

17 49. DB stated that he was not provided an accurate accounting of the distribution of the
18 funds he supplied to QHC.

19 50. In May of 2010, the Division requested that Kuzmich provide the complete mortgage
20 and MSD files for the PB and WB transactions.

21 51. Kuzmich responded that he had already provided all of the documents he had and
22 that he believed any additional documents he may have had were stolen from the QHC
23 office.

24 52. On or about June 21, 2010, Tilton, the attorney for PB and WB, supplied documents
25 to Pierce regarding the couple's transactions. In addition to those documents, Pierce
26 subpoenaed documents from Ticor Title and received the requested documents on July 15,
2010.



1 53. The HUD-1 indicated that the transaction closed on May 1, 2009 for a loan amount
2 of \$41,600 and listed SSM as the lender. PB and WB incurred settlement charges of over
3 \$40,000. SSM received over \$10,000, QHC received \$13,000 and Munitor received \$8,000.
4 PB and WB's consumer creditors received over \$7,000.

5 54. Although the HUD-1 indicates that QHC received \$13,000 as a home purchase draw,
6 the flooring lender, 21st Century Mortgage, indicated that they had not received any payment
7 from QHC.

8 55. SSM did not provide an accounting to 21st Century Mortgage for the \$13,000.

9 LP Transaction

10 56. On or about July 13, 2010, the Division received a complaint from LP, an Oregon
11 resident.

12 57. LP stated that on or about April 1, 2008, he sought to purchase a manufactured
13 structure from QHC to place on his property located in Oregon. He spoke to Durtschi of
14 QHC and made a down payment of \$1,500 for a manufactured dwelling.

15 58. On or about May 1, 2008, LP sought a loan from SSM in order to purchase the
16 home. The loan originator handling the transaction for SSM was Linda Irwin.

17 59. On or about July of 2010, the Division mailed a copy of LP's complaint to Kuzmich
18 requesting a response and requesting that Kuzmich produce the complete mortgage and MSD
19 files for the LP transaction.

20 60. Shortly after sending the complaint to Kuzmich, the United States Postmaster
21 notified the Division that all of the mail for SSM was being forwarded to 2201 Francisco
22 Drive #140-256 El Dorado Hills, California 95762. SSM did not notify the Division of the
23 change in address.

24 61. On or about August 25, 2010, Kuzmich provided a response to the Division and
25 provided some documentation of the LP transaction.

26 62. The purchase agreement for LP's manufactured home was dated April 11, 2008 and
was signed by Gene Smith (Smith), a salesperson for QHC.



1 63. The application states that Linda Irwin of SSM accepted LP's loan application by
2 mail for a loan of amount of \$149,004.

3 64. On or about November 3, 2010, Pierce interviewed LP and inquired if LP had
4 received monthly payment documentation from QHC. LP stated that he never received
5 copies of any contracts with QHC. LP further stated when he requested copies, he was told
6 by Durtschi that the paperwork had been "shipped off" but no information was provided as
7 to where the documents had been sent.

8 DLG Transaction

9 65. On or about August 23, 2010, the Division received a complaint from DLG.

10 66. DLG stated that on or about August 2009, he sought to purchase a manufactured
11 structure from QHC that had been used for demonstration purposes. DLG spoke to Durtschi
12 and Smith of QHC. The manufactured dwelling was to be placed on DLG's property
13 located in Oregon.

14 67. DLG obtained a construction loan of \$70,000 from SSM that was funded by private
15 investors, RG and PG, who provided private funding for other SSM and QHC customers. A
16 \$13,000 construction draw was made to QHC for the home.

17 68. The flooring lender, DB, never received any of the \$13,000 construction draw from
18 QHC.

19 69. The home was never delivered to DLG. SSM refused to release the remaining
20 construction funds to DLG causing the project to not be completed by use of the
21 constructions funds. DLG stated that he had to sell some of his property in order to pay the
22 contractor, KN, for work already completed.

23 70. The private money investors, RG and PG, revealed to Pierce that SSM was evicted
24 from its Oregon location for nonpayment of rent and that Kuzmich had moved all of the
25 files to his home in El Dorado Hills, California. The private investors stated that although
26 they provided funding for SSM, SSM never provided them with an accounting of the funds.

71. The private investors placed a lien on DLG's property.



1 RS and DS Transaction

2 72. On or about September 15, 2010, the Division received a complaint from RS.

3 73. On or about June of 2009, RS and his son, DS, entered into an agreement with
4 SSM and QHC to purchase a manufactured home to place on property located in Oregon.
5 They agreed to purchase a 2007 home that was located on the sales lot but later learned that
6 the home had originally been purchased by IT and that QHC had taken the home back on
7 consignment for IT.

8 74. RS stated that after SSM promised him a permanent loan, SSM placed a \$272,000
9 construction lien on his property. SSM was unable to secure permanent funding for the
10 project. RS stated that SSM claimed that \$62,000 had been spent on construction; however,
11 RS could only verify that \$30,000 worth of work had been completed. At closing, all initial
12 draws were completed and then SSM stopped all further funding on the project and did not
13 provide any accounting to RS or IT.

14 75. RS stated that Munitor was to provide site work for the home, but shortly after
15 beginning work on the project, they walked of the job citing non-payment by SSM and
16 QHC. The home was left without water, electricity and sewer. It sat for several months
17 before becoming uninhabitable due to mold and mildew problems.

18 76. On or about September 16, 2010, the Division forwarded the complaint to
19 Kuzmich, requesting a response and requesting a complete copy of both the mortgage and
20 MSD files. No response or documents were received from SSM or Kuzmich.

21 77. On or about November 2, 2010, the Division subpoenaed the escrow file from
22 Ticor Title. Ticor produced the file on or about November 22, 2010.

23 78. Although the final HUD-1 indicates that QHC received a construction draw of
24 \$18,000, QHC never paid IT for the home.

25 79. A preliminary title report dated August 23, 2010 contains a reference to an
26 assignment of Deed of Trust from SSM to private investors MG and DG. The title report
does not mention a construction lien nor does it mention IT's interest in the home.



1 80. DG told Pierce that she had attempted to contact Kuzmich of SSM in order to
2 determine how the funds were allocated, but Kuzmich and SSM did not respond to her
3 request.

4 RAS Transaction

5 81. On or about September 20, 2010, the Division received a complaint from RAS.

6 82. RAS, an Oregon resident, stated that on or about May of 2009, he entered into an
7 agreement with SSM and QHC to purchase a manufactured home to be placed on property
8 located in Oregon. He made a \$9,380 down payment on the home.

9 83. At closing, a construction draw of \$50,000 was authorized to be paid to QHC.
10 RAS stated that the money was not spent on his project and was not accounted for by SSM.

11 84. At a meeting in May of 2009, after the home had been delivered, Kuzmich told
12 RAS that no funds were available to continue the project.

13 85. On or about June of 2010, SS, wife of RAS, confronted Kuzmich regarding the
14 \$50,000 construction loan. As a result SS produced a document that was signed by Kuzmich,
15 SS and three other witnesses in which Kuzmich stated he would seek a reduction of the note
16 from his investors so the RAS project could go forward. In addition Kuzmich stated that
17 there would be no foreclosure on RAS's property by SSM or its assigns.

18 86. RAS was able to obtain funding elsewhere. However, DG and MG, the private
19 investors on the construction loan, contacted RAS seeking payment of the \$50,000 loan they
20 funded for SSM.

21 87. On September 21, 2010 the Division sent the RAS complaint to Kuzmich for a
22 response. One November 30, 2010 Kuzmich filed a written response and produced some
23 documents relating to RAS's transaction.

24 88. The file indicated that two loan applications for RAS were taken by Paul Kuzmich
25 Jr.

26 89. The file produced by Kuzmich did not contain an investor's file for DG and MG.

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CONCLUSIONS OF LAW

The Director concludes that:

1. SSM and QHC operated under the control and direction of Kuzmich.

2. SSM acted as a “mortgage broker” under former ORS 59.840(7)(a)(C) [currently ORS 86A.100(5)(a)(C)] when for compensation, or in the expectation of compensation, it either directly or indirectly made, negotiated, or offered to make or negotiate a mortgage loan for consumers AB and MP; PB and WB; LP; DLG; RS and DS; and RAS.

3. SSM engaged in “residential mortgage transactions in this state” under former ORS 59.845(2) [currently ORS 86A.103(2)] by acting as a mortgage broker when it negotiated the terms and conditions of residential mortgage loans secured by property located in Oregon or from a location in Oregon for consumers AB and MB; PB and WB; LP; DLG; RS and DS; and RAS.

4. Kuzmich acted as a loan originator as previously defined in ORS 59.840(4)(a) or (b) when he, for compensation or gain, offered to negotiate the terms of a residential mortgage loan for PB and WB.

5. By failing to produce records requested by the Director for the PB and WB transaction, SSM violated former ORS 59.860(1) [currently ORS 86A.112(1)] and OAR 441-865-0060(1).

6. When Kuzmich and SSM failed to inform DG and MG that borrower AB and MB had poor credit and reported that the borrowers were FHA approved, Kuzmich and SSM knowingly made untrue statements of material fact or omitted to state a material fact in violation of former ORS 59.930(2) [currently ORS 86A.154(2)].

7. By failing to provide investors DG and MG a copy of the current credit report for borrowers AB and MB, SSM violated OAR 441-870-0050(1)(e)(B).

8. By not providing the funds due IT from the sale of her home consigned to SSM, SSM violated former ORS 59.865(6) [currently ORS 86A.115(7)] .

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1 9. By failing to provide an accounting to borrowers, AB and MB; LP; DLG; RS and DS;
2 and RAS of funds received in connection with mortgage loans, SSM and Kuzmich violated
3 former ORS 59.865(6) and 86A.115(6) [currently ORS 86A.115(7)].

4 10. By failing to provide an accounting to private investors DG and MG; RG and PG; and
5 DB of funds received in connection with mortgage loans, SSM violated former ORS
6 59.865(6) and 86A.115(6) and currently ORS 86A.115(7) and OAR 441-870-0050(1)(a-e).

7 11. By failing to register Paul Kuzmich, Jr. and Linda Irwin as loan originators, SSM and
8 Kuzmich violated former ORS 59.696(1). ORS 59.696(1) was moved to 86A.179 and has
9 since been repealed and replaced by ORS 86A.203 requiring a mortgage loan originator
10 license.

11 12. QHC, among other things, failed to supervise Durtschi and other QHC sales
12 personnel; sold a home on behalf of a customer and did not pay the customer the proceeds
13 from the sale; failed to provide designated funds to flooring lenders and thereby caused the
14 flooring lenders to seek reimbursement from borrowers AB and MB, PB and WB, DLG, DS
15 and RS, RAS; engaged in conduct that caused harm or could have caused harm to consumers,
16 and violated former OAR 441-446-0210(6), [currently OAR 441-446-0210(7)].

17 13. QHC failed to provide notice to the Director of QHC's address change in violation of
18 former OAR 441-446-0210(5) [currently OAR 441-446-0210(6)].

19 14. Kuzmich aided and abetted SSM and QHC in committing the above violations.
20

21 **ORDERS**

22 **NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDER:**

23 Mortgage Lending

24 1. Pursuant to former ORS 59.885(4) and current ORS 86A.127(4) the Director hereby
25 orders SSM and Kuzmich and all entities owned or controlled by SSM and Kuzmich to cease
26 and desist from violating the Oregon Mortgage Lender Laws and Rules.

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1 2. Pursuant to former ORS 59.996 and current ORS 86A.992, the Director may assess
2 a civil penalty in an amount not to exceed \$5,000 per violation against any person who
3 violates or who procures, aids or abets in the violation of any provision of former ORS
4 59.840 to 59.980 and current ORS 86A.095 to 86A.198.

5 3. The Director orders Respondents SSM and Kuzmich to pay civil penalties jointly and
6 severally in the amount of **\$70,000** as follows:

- 7 a. \$5,000 civil penalty for committing one violation of former ORS 59.860(1) and
8 OAR 441-865-0060(1)(a-e);
- 9 b. \$5,000 civil penalty for committing one violation of former ORS 59.930(2);
- 10 c. \$5,000 civil penalty for committing one violation of former OAR 441-870-
11 0050(1)(e)(B);
- 12 d. \$5,000 civil penalty for committing one violation of former ORS 59.865(6);
- 13 e. \$25,000 civil penalty (\$5,000 per violation) for committing five violations of
14 former ORS 59.865(6) and ORS 86A.115(7);
- 15 f. \$15,000 civil penalty (\$5,000 per violation) for committing three violations of
16 former ORS 59.865(6) and ORS 86A.115(6) and OAR 441-870-0050(1)(a-e);
- 17 g. \$10,000 civil penalty (\$5,000 per violation) for committing two violations of
18 former ORS 59.969(1).

19 4. However, the Division will suspend the total amount of the civil penalties so long
20 as Kuzmich and SSM, do not violate any provision of the Oregon Mortgage Lender Law,
21 OAR 441-850-0005 through 441-885-0010 and ORS 446.661 *et seq.*, or any rule, order, or
22 policy issued by the Division and abides by the following conditions:

- 23 a. Based upon Kuzmich's voluntary agreement, the Director orders Respondent
24 Paul Kuzmich Sr. not to engage in any activity that requires a loan originator,
25 mortgage banker or mortgage broker license from the Director.
- 26 b. Based upon Kuzmich's voluntary agreement, the Director orders Respondent
 Paul Kuzmich Sr. not to act as a partner, officer, director, experienced person



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as described in ORS 86A.106(2) or branch manager, or occupy a position of similar status or perform similar functions of a partner, officer, director, experienced person or branch manager for a mortgage banker or broker.

Manufacture Structure Dealer

5. Pursuant to ORS 446.748, the Director hereby orders QHC and Kuzmich to cease and desist from violating Oregon Manufactured Structure Dealers and Dealerships Law.

6. Pursuant to ORS 446.995, the Director may assess a civil penalty of up to \$5,000 for each violation of the Oregon Manufactured Structure Dealers and Dealerships Laws.

Pursuant to these provisions, the Director proposes to order Respondents QHC and Kuzmich to pay civil penalties, jointly and severally, in the amount of **\$40,000** as follows:

- a. \$5,000 civil penalty for committing one violation of OAR 441-446-0210(5);
- b. \$35,000 civil penalty (\$5,000 per violation) for committing seven violations of OAR 441-446-0210(6).

7. However, the Division will suspend the total amount of the civil penalties so long as Kuzmich and SSM do not violate any provisions of the Oregon Manufactured Dealers and Dealership laws, or any rule, order, or policy issued by the Division and abides by the following conditions:

- a. Based upon Kuzmich' s voluntary agreement, the Director orders Respondent Paul Kuzmich Sr., not to engage in any activity that requires an Oregon manufactured structures dealer license from the Director.
- b. Based upon Kuzmich' s voluntary agreement, the Director orders Respondent Paul Kuzmich Sr., not to own or act as a partner, officer, director, or branch manger or occupy a position of similar status or perform similar functions of an owner, partner, officer, director or branch manager for a manufactured structure dealer operating in Oregon.

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1 8. Any violation of this Consent Order will be deemed a material breach and the full
2 amount of the civil penalties alleged in the Consent Order will become due and owing
3 immediately.

4 9. The entry of this Order in no way further limits remedies that may be available
5 to the Director under Oregon Law

6 Dated this 29th day of July, 2015 at Salem, Oregon.

7
8 PATRICK M. ALLEN, Director
9 Department of Consumer and Business Services

10 /S/ David Tatman
11 David C. Tatman, Administrator
12 Division of Finance and Corporate Securities

13
14 **CONSENT TO ENTRY OF ORDER**

15
16 I, Paul Kuzmich Sr., state that I have read the foregoing Consent Order. I was an
17 officer or principal in Silver Sierra Mortgage, Inc. and Quality Home Center Limited. Both
18 entities are now defunct. Respondents have been advised of the right to a hearing and the
19 right to be represented by counsel in this matter. Respondents voluntarily and without any
20 force or duress, consent to the entry of this Consent Order, expressly waiving any right to a
21 hearing in this matter.

22 Further, Respondents understand that the Director reserves the right to take further
23 actions to enforce this Consent Order or to take appropriate action upon discovery of other
24 violations of the Oregon Mortgage Lender Laws and Rules and the Oregon Manufactured
25 Structure Dealers and Dealerships Law and that Respondents will fully comply with the
26 terms and conditions stated herein.



