# Division of Financial Regulation Labor and Industries Building 350 Winter Street NE, Suite 410 Salem, OR 97301-3881 Telephone: (503) 378-4387

# STATE OF OREGON DEPARTMENT OF CONSUMER AND BUSINESS SERVICES DIVISION OF FINANCIAL REGULATION

In the Matter of:

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PBRELF I, LLC,

#### M-16-0152

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

## Respondent.

The Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter "the Director") conducted an investigation of Pyatt Broadmark Management, LLC (Pyatt). It was later determined that PBRELF I, LLC (PB) was the lending arm of Pyatt and that PB 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"). PB now wishes to resolve and settle this matter with the Director.

As evidenced by the authorized signature subscribed on this order, PB consents to entry of this order upon the Director's Findings of Fact and Conclusions of Law as stated below.

## FINDINGS OF FACT

The Director finds that:

- 1. PB is a foreign business corporation first incorporated in Washington on June 28, 2010, with a principal place of business of 600 University Street, #1800, Seattle, Washington.
- 2. PB first became registered with the Oregon Secretary of State's office to do business in Oregon on November 5, 2015. PB first became licensed with the Oregon Division of Financial Regulation (Division) on March 2, 2016. PB was assigned Oregon ML No. 5246. PB's Nationwide Mortgage Licensing System (NMLS) No. is 1429744.
- 3. On or about August 28, 2015, the Division learned that Pyatt was engaging in mortgage lending activity involving Oregon residents or making loans on residential property located in Oregon.

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- 4. During the ensuing investigation, the Division discovered that Pyatt was not licensed with the Division to provide mortgage lending services secured by residential property located in Oregon. A review of Pyatt's website indicated that the company made residential loans for Oregon properties but Pyatt did not have the required Oregon license to provide such services.
- 5. In approximately June of 2016, the Division learned that the company actually providing the loans was PB, the lending branch of Pyatt. Documentation in support in Pyatt's position was submitted to the Division in June of 2016.
- 6. During the investigation into the Oregon residential loan activities of Pyatt, PB was not mentioned on Pyatt's website.
- 7. Although unlicensed in Oregon, Pyatt's website stated that the company provided residential investment loans for Oregon residential properties. Pyatt's website now includes PB and PB's NMLS number.
  - 8. In response to questions posed by the Division, PB through Pyatt, revealed that it had engaged in 5 instances of unlicensed mortgage lending activity in Oregon from approximately August of 2013 through February of 2015. Pyatt stated that the loans were used for commercial purposes rather than residential purposes and that they were unaware that licensing was required in Oregon because Washington did not require that the company be licensed.
- 9. The location of the properties of the residential loans were as follows: one loan for property located in Multnomah County, Oregon; two loans for property located on Elder Road, in Oregon City, Oregon; one loan for property located on SE 19<sup>th</sup> Street in Bend, Oregon; and one loan for property located on N Alberta Street, in Portland, Oregon.

#### **CONCLUSIONS OF LAW**

The Director concludes that:

- 1. PB acted as a "mortgage broker" under ORS 86A.100(5)(a)(C) when for compensation, or in the expectation of compensation, PB either directly or indirectly made, negotiated, or offered to make or negotiate residential mortgage loans.
- 2. PB engaged in "residential mortgage transactions in this state" under ORS 86A.103(2) by acting as a mortgage broker when PB negotiated a modification to the terms and conditions of 5 mortgage loans secured by residential property located in Oregon.
- 3. PB violated ORS 86A.103(1) by engaging in 5 residential mortgage transactions in Oregon without first obtaining a license as a mortgage broker under ORS 86A.095 to 86A.198.

#### **ORDERS**

- 1. The Director, pursuant to ORS 86A.127, hereby PB to Cease and Desist from violating Oregon's Mortgage Lender Laws.
- 2. The Director, pursuant to ORS 86A.992, may assess a civil penalty in an amount not to exceed \$5,000 per violation against any person who violates or who procures, aids or abets in the violation of any provision of ORS 86A.095 to 86A.198 or any rule or order issued under ORS 86A.124 or 86A.242.
- 3. The Director, pursuant to ORS 86A.992(1), hereby orders PB to pay a civil penalty of \$12,500, computed at \$2,500 per violation for 5 violations of ORS 86A.103(1).
- 4. However, the Division will suspend \$7,500 of the civil penalty so long as PB does not violate any provision of the Oregon Mortgage Lender Law, OAR 441-850-0005 through 441-885-0010 or any rule, order, or policy issued by the Division. If PB is found to have committed any such violation, then the suspended portion of the assessed civil penalty will become immediately due and payable. If PB does not violate the Oregon Mortgage Lender Law, OAR 441-850-0005 through 441-885-0010 or any rule, order, or policy issued by the Division in three years from the date of the Order, the suspended portion of the civil penalty is waived.

Division of Financial Regulation	350 Winter Street NE, Suite 410	Salem, OR 97301-3881 Telephone: (503) 378-4387
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1	5.	PB shall sub	mit to the Di	rector payment of \$5,0	00 representing the unsuspended
2	portion of	the civil pena	lties, at the ti	me the signed Consent	Order is submitted to the
3	Division.				
4	]	Dated this <u>1s</u>	t day of	September	, 2016 at Salem, Oregon.
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### ENTITY CONSENT TO ENTRY OF ORDER

I, <u>/S/Jeffrey B. Pyatt</u> state that I am an officer of PBRELF I, LLC, and I am authorized to act on its behalf. I have read the foregoing order and 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 and am represented by attorney Michael Warren. PB voluntarily and without any force or duress consents to the entry of this order expressly waiving any right to a hearing in this matter. PB 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. PB will fully comply with the terms and conditions stated herein.

PB further assures the Director that neither PB 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. PB understands that this consent order is a public document.

By/S/ Jeffrey B. Pyatt, Manager		
	Title	

#### **ACKNOWLEDGMENT**

State of Was	)		
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County of	King	)	

This instrument was acknowledged before me on Aug., 24 , 2016 by Jeffrey B. Pyatt .

/S/ Joanne C. Vansickle
Notary Public

Notary Public