

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

In the Matter of:

States Mortgage Company, Inc.

NMLS# 1020886

Respondent.

M-16-0330

ORDER RECONDITIONING MORTGAGE
BANKER/BROKER LICENSE, ORDER TO
CEASE AND DESIST, 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 States Mortgage Company, Inc. (hereinafter “States”) and determined that States engaged in activities constituting a violation of ORS 86A.100 et seq. and OAR 441-850-0005 through 441-885-0010; and

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

NOW THEREFORE, as evidenced by the authorized signature subscribed on this order, States 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. Southern States Mortgage Company, Inc. (hereinafter “Southern”) is a North Carolina corporation with a principal place of business located at 16740 Birkdale Commons Parkway, Suite 301, Huntersville, North Carolina 28078.

2. Southern States received a mortgage banker/broker license from the Oregon Division of Finance and Corporate Securities (hereinafter “Division”), currently known as the Oregon Division of Financial Regulation, on August 9, 2012 and surrendered the license on September 23, 2013, NMLS #63733.

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1 3. To prevent confusion regarding the geographic scope of Southern’s business operations,
2 owner, Brenna Olberding, reportedly planned to transition Southern’s license, sponsorship of
3 current loan originators, and existing loans from Southern to States.

4 4. States is a North Carolina corporation also with a principal place of business located at
5 16740 Birkdale Commons Parkway, Suite 301, Huntersville, North Carolina 28078.

6 5. Olberding also owns States.

7 6. States received a mortgage banker/broker license from the Division on May 16, 2013,
8 NMLS# 1020886, and is currently active.

9 7. On May 29, 2014, the Division and States entered into an agreement conditioning States’
10 license for failure to supervise the mortgage-related activities of five of its loan originators by
11 allowing them to originate Oregon residential mortgage transactions before the Division had
12 accepted sponsorship (Case No. M-14-0022).

13 8. On July 25, 2014, the Division issued an order revoking the mortgage loan originator
14 license of former States loan originator Kevin Casper for several violations including unlicensed
15 mortgage loan originator activity (Case No. M-14-0005).

16 9. On March 20, 2015, the Division received a complaint from Oregon borrower (“H.H.”)
17 whose loan transaction was detailed in Case No. M-14-0005.

18 10. Borrower H.H. worked with loan originator Casper on an FHA refinance transaction
19 that closed on March 20, 2013.

20 11. In October 2013, Casper contacted H.H. with an “urgent” notice that FHA would be
21 making drastic changes that would significantly impact her loan and wanted to speak with her
22 about other options.

23 12. Casper reported to H.H. that her loan would now be required to carry “Private Mortgage
24 Insurance” (“PMI”) for the life of the loan and advised that she refinance into a conventional
25 loan without PMI.

26 13. H.H. relied on Casper’s advice and refinanced into a conventional loan that closed



1 through States on December 24, 2013.

2 14. The conventional loan included a higher interest rate than her FHA loan and included
3 PMI.

4 15. FHA loans, including H.H.'s prior loan, include Mortgage Insurance Premium or "MIP,"
5 which is different than PMI.

6 16. For loans with FHA case numbers assigned before June 3, 2013, borrowers could cancel
7 the MIP associated with the loan once it reached 78 percent of the original value of the house, or
8 after five years.

9 17. Casper represented to H.H. that the PMI would fall off her conventional loan after nine
10 payments, but due to various circumstances this did occur.

11 CONCLUSIONS OF LAW

12 The Director CONCLUDES that:

13 1. By failing to provide adequate training regarding FHA loan standards and by allowing
14 Casper to provide an incorrect explanation regarding the nature of H.H.'s FHA loan and
15 insurance and advising that she refinance into a conventional loan with less favorable terms,
16 States failed to supervise diligently and control Casper's loan origination activities in violation
17 of ORS 86A.115(16). This is grounds for the Director to condition States' mortgage broker
18 license.

19 ORDER

20 NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:

21 The Director, pursuant to ORS 86A.127, hereby orders States to Cease and Desist from
22 violating the Oregon Mortgage Lender Law.

23 The Director, pursuant to ORS 86A.115, hereby ORDERS that, effective the date of this
24 order, a conditional Oregon mortgage banker/broker license shall be issued to States until further
25 order of the Director subject to renewal fee and document requirements. The conditional license
26 shall be subject to the following conditions such that if States fails to comply, States, agrees that

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1 the license shall be revoked:

- 2 1. States shall supervise diligently and control the mortgage-related activities of loan
3 originators under ORS 86A.115(16) and will not allow loan originators without proper
4 licensure and sponsorship to originate loans; and
- 5 2. States shall complete a state criminal background check of all loan originators before
6 employment under ORS 86A.186 and OAR 441-860-0045.
- 7 3. States shall provide additional training to loan originators concerning FHA loan features
8 and MIP requirements within two months of the dates of this order.

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

12 Dated this 24th day of September, 2016.

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

15
16 /s/ David Tatman
17 David C. Tatman, Chief of Enforcement
18 Division of Financial Regulation

18 ENTITY CONSENT TO ENTRY OF ORDER

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

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

5 Dated this 6 day of September, 2016.

6 By /s/ Brenna Olberding

7 President
8 Office Held

9 ENTITY ACKNOWLEDGMENT

10 There appeared before me this 6 day of September 2016,
11 Brenna Rose Olberding, who was first duly sworn on oath, and stated that (s)he was and is an
12 officer of States and that (s)he is authorized and empowered to sign this Consent to Entry of
13 Order on behalf of States and to bind States to the terms hereof.

14
15 /s/ Angela N. Gregorio

16 Notary Public for the State of: North Carolina

17 My commission expires: April 21, 2019
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