



MORTGAGE LENDER REPORT OF EXAMINATION

I examined the licensee at the following location: _____ Exam date: _____

Licensee name: _____ ML: _____

Street address: _____

City, state, ZIP: _____

I reviewed my examination findings and recommendations with the licensee. Corrections made during the examination are noted. Following are my findings on the documents examined:

Licensing and locations

- 1. Is the current Oregon mortgage lender license displayed? Yes No
- 2. Does the licensee have branch-office locations? Yes No
- 3. Are all branch offices properly licensed? Yes No
- 4. Are addresses current with the Division of Financial Regulation?..... Yes No
- 5. Has there been any change in ownership or control?..... Yes No

Personnel ledgers

- 6. Does the licensee maintain personnel ledgers? See OAR 441-865-0050 Yes No
- 7. Does the ledger contain:
 - a. The name? Yes No
 - b. Date of birth? Yes No
 - c. Position or title? Yes No
 - d. Responsibilities? Yes No
 - e. Starting date? Yes No
 - f. Ending date?..... Yes No
 - g. Reason for termination? Yes No
- 8. Does the licensee's list of all loan originators include the following:
 - a. Names?..... Yes No
 - b. Start date? Yes No
 - c. Current business address? Yes No
 - d. Current home address?..... Yes No
 - e. Telephone number?..... Yes No
 - f. Social Security number or detailed description?..... Yes No
 - g. Date of birth? Yes No
 - h. Copies of completion certificates for education courses and testing? Yes No
 - i. Criminal records check completed and on file?..... Yes No

Advertising files

- 9. Does the licensee maintain copies of all print ads? (OAR 441-865-0030)..... Yes No
- 10. Does the licensee maintain copies of scripts or audio/video tapes of broadcast advertising? Yes No
- 11. Does the licensee maintain copies of recorded telephone messages or voice-mail messages that contain rate information? Yes No
- 12. Does the advertising use:
 - a. Emblems or logos that resemble those of any government agency?..... Yes No
 - b. Envelopes that resemble official government mailings? Yes No
 - c. Slogans such as “Buy U.S. Savings Bonds” without a clear statement in a typeface of equal size and style indicating that mailing is not from a government agency?..... Yes No
 - d. The phrase “wholesale rates”? Yes No
- 13. Does the advertising identify the mortgage lender by any name other than the firm name or DBAs listed on the license?..... Yes No

Private investor files

- 14. Does the licensee use private investor funds?..... Yes No
- 15. Has the licensee registered the sale of real-estate paper? Yes No
- 16. Do all transactions involve the sale of 100 percent interest in the real-estate paper to a single investor in a single transaction? Yes No
- 17. Do the files contain the following disclosures and documents (See OAR 441-865-0080):
 - a. Appraisal or tax-assessed value at 100 percent of true cash value?..... Yes No
 - b. Priority of the lien created and the total of all senior liens?..... Yes No
 - c. A statement on the priority of any future advances?..... Yes No
 - d. A copy of the most recent complete property-tax statement?..... Yes No
 - e. The debtor’s payment record for two preceding years, or both of the following:
 - 1. Payment record to date or statement that it is not available?
 - 2. Current credit report prepared by a credit-reporting agency?..... Yes No
 - f. The terms of any senior lien or a copy of the instrument creating the lien and any assignments? Yes No
 - g. If the seller or agent is the debtor, a statement disclosing that fact and the amount of cash paid to the debtor in consideration for issuing the paper? Yes No
 - h. Statement of any commission or fee chargeable to the purchaser of paper? Yes No
 - i. A prominent statement of any balloon payments?..... Yes No
 - j. For inferior real-estate paper, a statement on the risk of loss on foreclosure?..... Yes No
 - k. A statement on whether the purchaser will be insured against casualty loss? Yes No
 - l. Legal description of the property if an appraisal was not provided? Yes No
 - m. A signed, written acknowledgement that the investor received the disclosure?..... Yes No
 - n. A copy of the documents evidencing the creation of the lien? Yes No
 - o. A copy of the documents evidencing that the instrument creating the lien or assignment has been recorded pursuant to OAR 441-870-0060? Yes No
 - p. Copies of other guarantees, surety agreements, or correspondence relating to the sale of the real-estate paper? Yes No

Clients' trust account, establishment and administration (OAR 441-875-0030 through 441-875-0040)

- 18. Does the licensee accept any funds from borrowers other than at time of closing? Yes No
- 19. Has the licensee established one or more open clients' trust accounts? Yes No
- 20. Are the notice of clients' trust account and authorization to examine clients' trust account on file correct? Yes No
- 21. Are checks and deposit slips imprinted with the words "Clients' Trust Account"? Yes No
- 22. Is the clients' trust account reconciled on a monthly basis? Yes No
- 23. Is the reconciliation signed and dated by an officer, director, or control person? Yes No
- 24. Has the licensee deposited all the trust funds within three banking days? Yes No
- 25. Has the licensee commingled trust funds with other funds? Yes No
- 26. Has the mortgage lender held the funds until the required service has been provided? Yes No
- 27. Were all funds paid from the clients' trust account paid by pre-numbered check? Yes No
- 28. Does the licensee maintain a subsidiary ledger that shows the following:
 - a. All receipts and disbursements? Yes No
 - b. The name of the payee? Yes No
 - c. The date of payment? Yes No
 - d. The amount of payment? Yes No
 - e. The purpose of the payment, including identification of the loan to which it relates, if any? Yes No
- 29. Does the subsidiary ledger maintain a running total of every transaction pertaining to the clients' trust account? Yes No
- 30. Does the subsidiary ledger balance to the amount in the clients' trust account? Yes No
- 31. Does the licensee identify the file or borrower on every deposit by a written notation or a photocopy of the check or funds? Yes No
- 32. Are all checks used for trust-fund purposes only? Yes No
- 33. Do the branch offices maintain separate clients' trust accounts? Yes No
- 34. Does the licensee maintain a record of all persons who have signatory authority on the clients' trust account(s)? Yes No
- 35. Are all checks, including voided checks, accounted for? Yes No

Loan file review

- 36. Is there an executed loan application? (OAR 441-865-0060)..... Yes No
- 37. Is a loan originator named on licensee’s application filed with DFR? Yes No
- 38. Is there a copy of the fee agreement, if used?..... Yes No
- 39. Concerning lock agreements:
 - a. Borrower-acknowledged statement that loan interest rate will float or a copy of the executed lock agreement? (OAR 441-865-0060)..... Yes No
 - b. Is the lock agreement dated?..... Yes No
 - c. Does the lock agreement have the file identification and property address?..... Yes No
 - d. Does the lock agreement have the lock-in rate?..... Yes No
 - e. Does the lock agreement have a lock expiration date? Yes No
 - f. Is there a disclosure that the rate may change if any of the loan factors change?..... Yes No
 - g. Does the lock agreement have the loan type (Fixed, ARM, GPM)?..... Yes No
 - h. Is there a disclosure that if the lock expires the rate and points are subject to change? Yes No
 - i. Does the lock agreement contain the term of the loan? Yes No
 - j. Does the lock agreement have the loan fee and discount, if any?..... Yes No
 - k. If locked, does the file contain confirmation from the lender of the locked rate? Yes No
- 40. Copy of the Good Faith Estimate? (OAR 441-865-0060) Yes No
- 41. Copy of an executed release of credit information form? (OAR 441-865-0060) Yes No
- 42. Copy of a credit report? (OAR 441-865-0060)..... Yes No
- 43. Copy of Truth in Lending disclosure form? (OAR 441-865-0060)..... Yes No
- 44. Copy of Privacy Policy Notice for applications taken after July 1, 2001? Yes No
- 45. Does the file contain any blank documents signed by the borrower?..... Yes No
- 46. For closed loans, a copy of the HUD, HUD 1A Settlement Statement? (OAR 441-865-0060)..... Yes No
- 47. For loans funded in the licensee’s name, a copy of the Right of Rescission, if it is a refinance?..... Yes No
- 48. For home equity and refinance loans, a copy of Section 32 disclosures for high-cost/high-rate loans? (OAR 441-865-0060)..... Yes No
- 49. For loans closed in the licensee’s name, a copy of the notice to borrower of penalty for repayment prior to date for repayment in the loan agreement? (ORS 82.160)..... Yes No

Comments and recommendations

Limited service examination

We have determined that the lending activities in your office fall under our limited-service examination. We are using this rating system: 1. Outstanding 2. Good 3. Satisfactory 4. Marginal 5. Poor

The composite value rating for this examination is _____, which is considered to be a(n) _____ rating.

This completes my examination report.

Respectfully,

Examiner's signature: _____

Examiner's name: _____ Date: _____