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

In the Matter of:

Case No. M-22-0124

Northern Mortgage Company

Respondent.

**FINAL ORDER TO CEASE AND
DESIST AND ORDER ASSESSING
CIVIL PENALTIES, ENTERED BY
DEFAULT**

On December 7, 2022, the Division of Financial Regulation (the “Division”), acting on behalf of the Director of the Department of Consumer and Business Services for the State of Oregon (the “Director”), served an Order to Cease and Desist, Proposed Order Assessing Civil Penalties, and Notice of Right to an Administrative Hearing (“Notice”) on Northern Mortgage Company (“Respondent”)

The Notice Order was served to the following addresses of Respondent via certified and first-class United States mail, postage pre-paid:

Mr. David Phan
Northern Mortgage Company
15222 Hanover Lane
Huntington Beach, CA 92647

The Notice Order was also sent to Respondent via email to info@northernmtg.us on December 7, 2022.

The Notice Order offered Respondent an opportunity for a hearing if requested within 20 days of service of the Notice. The Notice further informed Respondent that if a hearing was not conducted because Respondent did not timely request a hearing or was otherwise defaulted, then the designated portion of the Division’s file and all materials submitted by Respondent in this case would automatically become part of the contested

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



1 case record for the purpose of proving a prima facie case.

2 The Director did not receive a request for a hearing from Respondent and did not
3 conduct a hearing.

4 The Director finds that the record of this proceeding proves a prima facie case.

5 Now, therefore, after considering the relevant portions of the Division's file
6 relating to this matter, the Director finds and orders as follows:

7 **FINDINGS OF FACT**

8 The Director FINDS that:

9 1. Northern Mortgage Company ("NMC") is a California company with a
10 principal place of business located at 15222 Hanover Lane, Huntington Beach, CA
11 92647.

12 2. NMC has been licensed as an Oregon mortgage banker/broker with the
13 Division since November 12, 2021 (NMLS# 1091880).

14 3. In 2011 the Nationwide Multistate Licensing System ("NMLS") released the
15 Mortgage Call Report ("MCR") functionality. The MCR includes a licensed mortgage
16 broker or banker's Residential Mortgage Loan Activity ("RMLA") that is compiled and
17 submitted by licensees to NMLS on a quarterly basis and an annual report of financial
18 condition ("Annual Report").

19 4. All mortgage bankers and brokers that employ any licensed loan originators
20 must complete the MCR functionality.

21 5. NMC employed at least one loan originator during fiscal year 2021 and the
22 first quarter ("Q1") and second quarter ("Q2") of 2022.

23 6. For standard filers like NMC, the Annual Report must be filed 90 days after
24 the end of the company's fiscal year. The fiscal year 2021 report was due on March 31,
25
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1 2022.

2 7. The quarterly reports are due 45 days following the end of each quarter such
3 that the Q1 2022 MCR was due on May 15, 2022, and the Q2 2022 MCR was due on
4 August 14, 2022.

5 8. On March 21, 2022, after noting that NMC failed to timely file the 2021 Q4
6 MCR, a Division financial examiner placed a deficiency on the company's licensing
7 record as follows, "WARNING! BEGINNING WITH 2022 Q1 MORTGAGE CALL
8 REPORTS, LICENSEES THAT FILE MORTGAGE CALL REPORTS AFTER THE
9 SPECIFIED DUE DATE WILL BE REFERRED TO ENFORCEMENT WITH THE
10 POTENTIAL OF A CIVIL PENALTY."

11 9. If a licensee does not timely file an MCR, the NMLS system automatically
12 sets a deficiency on the company's license the day after the deadline reminding the
13 company of the filing requirement.

14 10. When a deficiency is set in NMLS, the system sends an email to the licensee's
15 email address of record. Similarly, at all times material, when the Division contacted
16 NMC by email, all messages were sent to NMC's email address of record on file with
17 NMLS, info@nothernmtg.us.

18 **Fiscal Year 2021 Annual Report MCR**

19 11. Since NMC had not filed the Annual Report for fiscal year 2021 by March 31,
20 2022, NMLS placed a deficiency on the company's licensing record on April 1, warning
21 of the filing requirement.

22 12. On May 26, 2022, a Division financial examiner sent an email to NMC
23 notifying the company that the deadline to file the Annual Report had passed and
24 extended the deadline to June 26, 2022.

25 13. The examiner sent a reminder email to NMC on June 17, 2022, warning of the
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1 upcoming June 26, 2022, deadline.

2 **2022 Q1 MCR**

3 14. Since NMC had not filed the 2022 Q1 MCR with Oregon RMLA by May 15,
4 2022, NMLS placed a deficiency on May 16, notifying the company of the filing
5 requirement.

6 15. On May 25, 2022, the examiner sent an email to NMC about the failure to file
7 and extended the deadline to June 15, 2022.

8 16. On June 17, 2022, the examiner sent an email providing a final notice to NMC
9 to file by June 26, 2022, to avoid regulatory enforcement action.

10 **2022 Q2 MCR**

11 17. Since NMC had not filed the 2022 Q2 MCR with Oregon RMLA by August
12 14, 2022, NMLS placed a deficiency on August 15, 2022, notifying the company of the
13 filing requirement.

14 18. On September 20, 2022, the examiner sent an email to NMC about the failure
15 to file and extended the deadline to October 15, 2022.

16 19. On October 5, 2022, the examiner sent another email to NMC reminding the
17 company of the October 15, 2022, deadline.

18 20. On October 14, 2022, the examiner sent an email providing a final notice to
19 NMC to file by October 15, 2022, to avoid regulatory enforcement action.

20 21. October 21, 2022, the examiner called NMC and was told that the company
21 was aware that there could be regulatory action for failing to file the 2022 Q2 MCR and
22 further stated that the filing task would be delegated to another employee to complete.

23 22. To date, NMC has not filed the 2022 Q1 or Q2 MCR with Oregon RMLA or
24 the Annual Report for fiscal year 2021.

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1 **CONCLUSIONS OF LAW**

2 The Director CONCLUDES that:

3 23. By failing to file Annual Report for fiscal year 2021 by April 1, 2022, or June
4 26, 2022, NMC violated ORS 86A.239(2).

5 24. By failing to file the 2022 Q1 MCR with Oregon RMLA by May 15, 2022, or
6 June 26, 2022, NMC violated ORS 86A.239(2) and OAR 441-865-0025.

7 25. By failing to file the 2022 Q2 MCR with Oregon RMLA by August 14, 2022,
8 or October 15, 2022, NMC violated ORS 86A.239(2) and OAR 441-865-0025.

9 **ORDERS**

10 Now therefore, the Director issues the following ORDERS:

11 **Order to Cease and Desist**

12 26. The Director, pursuant to ORS 86A.127, hereby ORDERS NMC to Cease and
13 Desist from violating ORS 86A.239(2).

14 **Order Assessing Civil Penalties**

15 27. ORS 86A.992 authorizes the Director to assess civil penalties of up to \$5,000
16 per violation of the Oregon Mortgage Lender Law. Pursuant to this provision, the
17 Director hereby ORDERS NMC to pay \$2,000 for each violation of ORS 86A.239(2), for
18 a total civil penalty of \$6,000.

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FINAL ORDER

28. This Order is a “Final Order” under ORS 183.310(6)(b). Subject to that provision, the entry of this Order does not limit other remedies that are available to the Director under Oregon law.

SO ORDERED this 10th day of January, 2023

ANDREW R. STOLFI, Director
Department of Consumer and Business Services

/s/ Dorothy Bean
Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

NOTICE OF RIGHT TO JUDICIAL APPEAL

You may be entitled to judicial review of this Order under ORS 183.482. You may request judicial review by filing a petition with the Court of Appeals in Salem, Oregon, within 60 days from the date of this Order is served.

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