

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

In the Matter of:

Caliver Beach Mortgage, LLC  
NMLS# 1434247

M-23-0007

FINAL ORDER TO CEASE AND DESIST,  
ORDER ASSESSING CIVIL PENALTIES,  
AND CONSENT TO ENTRY OF ORDER

Respondent.

WHEREAS the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter “the Director”) conducted an investigation of Caliver Beach Mortgage, LLC (“CBM”) and determined that CBM engaged in activities constituting a violation of ORS 86A.100 et seq. and OAR 441-850-0005 through 441-885-0010 (collectively, “the Oregon Mortgage Lender Law”); and

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

NOW THEREFORE, as evidenced by the authorized signature subscribed on this order, CBM 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. CBM is a Delaware corporation with a principal place of business located 500 Redland Court, Suite 300, Owings Mills, Maryland 21117.
2. CBM received an Oregon mortgage banker/broker license from the Division on May 25, 2016 (NMLS #1434247).
3. At all times material, CBM did not license any branch locations.

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1 4. Joseph Kowitz (“Kowitz”) is CBM’s Qualifying Individual and an Oregon licensed  
2 mortgage loan originator (“MLO”) (NMLS# 172783).

3 **I. Michael Kroski**

4 5. Michael Kroski (“Kroski”) received an Oregon MLO license from the Division on May  
5 23, 2018 (NMLS# 1724135).

6 6. Kroski began working for CBM on November 18, 2019.

7 7. At times material, Kroski resided and worked in the Phoenix, Arizona metropolitan area.

8 8. CBM requested sponsorship of Kroski’s license from the Division on January 27, 2020,  
9 and his work station was listed as a location in Phoenix, Arizona.

10 9. On January 28, 2020, the Division placed a deficiency on Kroski’s license in the National  
11 Multistate Licensing System (“NMLS”) that confirmed the proposed work station was not  
12 licensed as an Oregon branch and instructed him that he must work from a licensed location. The  
13 deficiency further stated that CBM could either, license the Arizona location as a branch, or  
14 Kroski could associate with a licensed location.

15 10. In light of the Covid-19 pandemic, on March 12, 2020, the Division issued Bulletin DFR  
16 2020-6 (“Bulletin”) to all licensed MLOs and the mortgage lenders. The Bulletin and its  
17 accompanying guidance permitted licensed loan originators to work from home temporarily,  
18 provided that their employers met certain conditions.

19 11. Among other things, this included: giving prior notice to the Division that the company  
20 intended to permit employees to telecommute during the pandemic, having appropriate policies  
21 and procedures in place to supervise telecommuting employees, and, if the company enacted  
22 temporary policies and procedures related to telecommuting during the pandemic, the company  
23 was required to send those to the Division.

24 12. Notably, the Bulletin did not waive the sponsorship or branch license requirements for  
25 MLOs whose permanent work stations were located unreasonably long distances away from their  
26 supervisors.



1 13. Kroski and CBM updated the request, proposing that Kroski be associated with CBM's  
2 Maryland headquarters, but he would still reside in Arizona.

3 14. On April 29, 2020, the Division set another deficiency on Kroski's license, stating that  
4 the proposed arrangement did not represent a reasonable commuting distance. It further stated  
5 that, in order for sponsorship to be accepted, Kroski could either: list employment with a  
6 licensed location within a reasonable commuting distance, or provide a satisfactory explanation  
7 for the arrangement.

8 15. Since CBM did not apply to license Kroski's Arizona work station and no further  
9 explanation was received, the Division denied CBM's sponsorship request for Kroski's license  
10 on July 9, 2020.

11 16. Since Kroski was not sponsored by a licensed company, his MLO license remained  
12 inactive from January 24, 2020 through January 1, 2021, when it was terminated for failure to  
13 renew. Accordingly, he was ineligible to originate loans while his license was inactive.

14 17. Kroski renewed his license on March 11, 2021, but it remained inactive due to lack of  
15 sponsorship until it expired on January 1, 2022.

16 **II. Complaint: Borrowers LG and RG**

17 18. On October 20, 2020, Oregon borrowers "LG and RG" filed a complaint with the  
18 Division against Kroski and CBM for Kroski's handling of their 2020 refinance transaction. LG  
19 and RG did not feel that Kroski treated them appropriately.

20 19. During the course of this investigation, the Division interviewed Oregon borrowers who  
21 applied for loans through CBM and CBM employees. Statements included below were made to  
22 Division staff conducting the investigation.

23 20. LG and RG received a few solicitations for loans from CBM before they responded to  
24 one in early June 2020.

25 21. LG and RG were interested in lowering their current interest rate and started working  
26 with Kroski on a refinance. They discussed loan terms and loan programs with Kroski, and he



1 took their loan application.

2 22. Shortly thereafter, Kroski locked in an interest rate of 2.25% for their loan.

3 23. While the loan documents list Kowitz as the loan originator, LG and RG reported that all  
4 of their communication and contact with CBM on this transaction was with Kroski.

5 24. RG attempted to contact Kowitz, since his name was listed as the loan originator on the  
6 transaction documents, but Kroski stepped in and told him never to contact Kowitz again. Kroski  
7 said that RG was only to communicate with him.

8 25. In October 2020, LG and RG requested to withdraw their loan application from CBM.

9 26. When asked by the Division to explain Kroski's origination activity on LG and RG's  
10 transaction, Kowitz initially claimed that he only asked Kroski to assist with a few files as a  
11 processor, so he could deal with an important personal issue.

12 27. Kowitz acknowledged that there were problems with Kroski's license and sponsorship.  
13 He stated that CBM always intended to license Kroski's Arizona work station as an Oregon  
14 branch, but due to the Covid-19 pandemic, he elected to wait until the end of 2020. Kowitz said  
15 they had tried to correct the issues, but it just did not happen.

16 28. CBM did not apply to license Kroski's Arizona work station as a branch location.

17 29. Despite the deficiencies placed on his license and a sponsorship request denial, Kroski  
18 responded that he believed he had completed all of the licensing requirements, so he had no real  
19 concerns about working for CBM.

20 **III. Borrowers MH, GG, KL, MW, DT, JM, MS, and JS**

21 30. During the course of the investigation, the Division requested several "pipeline" reports  
22 from CBM for its Oregon loans, which included borrower and MLO information.

23 31. The initial response from CBM, dated October 27, 2020 ("Pipeline Response), shows that  
24 the company originated 48 Oregon loans from November 2019 through October 27, 2020.  
25 Kowitz was listed as the MLO for 40 loans, and the eight remaining were listed as originated by  
26 Oregon licensed MLOs.



1 32. The Division contacted some of the Oregon borrowers on the list to confirm who  
2 originated their loans.

3 33. All of the loans described in paragraphs 35-48 are secured by Oregon residential  
4 property.

5 34. CBM's Pipeline Response lists that Kowitz originated all of the loans described in  
6 paragraphs 35-47.

7 **a. MLO Michael Kroski**

8 **i. Borrower MH**

9 35. While CBM's Pipeline Response lists Kowitz as the MLO on the loan to Oregon  
10 borrower "MH," Kroski signed as the "Loan Officer" on several of MH's loan documents, dated  
11 April 3, 2020.

12 **ii. Borrower GG**

13 36. Oregon borrower "GG" reported that he closed his first refinance through CBM with  
14 Kroski as his MLO in June 2020. This loan included a 2.85% interest rate.

15 37. GG said that Kroski called him again later and offered a 2.25% interest rate on a second  
16 refinance, which was pending as of March 2021.

17 38. He reported that Kroski took his loan applications, and he discussed rates and terms for  
18 the transactions with Kroski.

19 39. GG said that he had never heard of Kowitz.

20 **iii. Borrower KL**

21 40. Oregon borrower "KL" reported that Kroski was the MLO and primary contact on his  
22 February 2021 loan. KL said that he cancelled his transaction due, in no small part, to how  
23 Kroski treated him.

24 **b. MLO Jason Hall**

25 **i. Borrower MW**

26 41. Oregon borrower "MW" reported that the MLO on his February 2020 transaction was



1 Jason Hall (“Hall”), and not Kowitz. MW said that the only person he worked with at CBM was  
2 Hall.

3 42. Hall established an active company relationship with CBM on January 29, 2020, which  
4 remains active.

5 43. Hall has never been licensed as an Oregon MLO, although he is licensed in other states.

6 **ii. Borrower DT**

7 44. Oregon borrower “DT” reported that the MLO on his March 2020 transaction was Hall,  
8 and not Kowitz. DT said that he did not recall the name Kowitz.

9 **iii. Borrower JM**

10 45. Oregon borrower “JM” reported that the MLO on his May 2020 transaction was Hall, and  
11 not Kowitz.

12 46. JM said that Hall pressured him heavily to complete a refinance on his reverse mortgage.  
13 Hall told JM that he could get him a lower interest rate. JM reportedly wanted to cancel the loan,  
14 but Hall insisted they proceed and promised that corrections would be made to the terms. In the  
15 end, JM found that nothing was corrected and his interest rate was not lowered.

16 **iv. Borrower MS**

17 47. Oregon borrower “MS” reported that the MLO on his May 2020 transaction was Hall.  
18 MS said that he never spoke with anyone else at CBM and had never heard of Kowitz.

19 **c. MLO Marc Alan Contract**

20 **i. Borrower JS**

21 48. CBM’s Pipeline Response lists Marc Alan Contract (“Contract”) as the MLO on a loan to  
22 Oregon borrower “JS” that was “in process” as of March 16, 2021.

23 49. At all times material, Contract was not licensed as an Oregon MLO.

24 50. Kowitz stated that he worked and spoke with all of the borrowers described in paragraphs  
25 35-47.

26 ///



1 **IV. Supervision at CBM**

2 51. Kowitz and CBM’s Director of Operations Ervin Kowitz (NMLS# 5027) are in charge of  
3 supervising MLOs and loan staff, as well as company operations.

4 52. The Kowitzes reported that they hold Zoom meetings with their MLOs and loan staff  
5 every one to two weeks and are always available by phone for discussion.

6 53. Ervin Kowitz said that CBM tried to make licensing a priority during the pandemic, but  
7 the attendant circumstances made it difficult, and some of their efforts were not effective.

8 54. When asked if CBM had written policies in place for supervising employees who work  
9 from home, Kowitz answered “no” and was unaware of the Division’s requirement that licensees  
10 maintain these policies. He asked for a draft outline so he could implement the policy.

11 55. In response, on October 14, 2022, an investigator from the Division’s Enforcement  
12 section sent Kowitz an email link to OAR 441-860-0030(4) that describes the requirement,  
13 which includes uploading a copy of the supervision policy for telecommuting employees to  
14 NMLS.

15 56. To date, CBM has not uploaded a copy of its supervision policy for telecommuting  
16 employees to NMLS.

17 **CONCLUSIONS OF LAW**

18 The Director CONCLUDES that:

19 57. By taking loan applications and discussing, offering, and negotiating loan rates and terms  
20 with borrowers LG and RG, MH, GG, and KL, Kroski acted as a MLO, as defined by ORS  
21 86A.200(4)(a).

22 58. By allowing Kroski to originate Oregon residential mortgage loans to Borrowers LG and  
23 RG, MH, GG, and KL for CBM when the Director had not accepted, and later denied, CBM’s  
24 request to sponsor Kroski’s license, CBM violated OAR 441-880-0315(2).

25 59. By failing to have appropriate policies and procedures in place to supervise the activities  
26 of loan originators and employees working from home, and in failing to upload a copy of those

1 policies and procedures to NMLS's Document Uploads section, CBM violated OAR 441-860-  
2 0030(4)(a-b).

3 60. By taking loan applications and discussing, offering, and negotiating loan rates and terms  
4 with borrowers MW, DT, JM, and MS, Hall acted as a MLO, as defined by ORS 86A.200(4)(a).

5 61. By taking a loan application and discussing, offering, and negotiating loan rates and  
6 terms with borrower JM, Contract acted as a MLO, as defined by ORS 86A.200(4)(a).

7 62. CBM failed to supervise and diligently control the mortgage-related activities of the  
8 MLOs and loan staff it employed, in violation of ORS 86A.115(16) and OAR 441-860-  
9 0040(3)(a), based on the following actions:

- 10 a. CBM's violation of OAR 441-880-0315(2) as described in paragraph 58;
- 11 b. CBM's violation of OAR 441-860-0030(4)(a-b) as described in paragraph 59;
- 12 c. CBM allowed Hall to originate loans for Borrowers MW, DT, JM, and MS  
13 without being licensed as an Oregon MLO; and
- 14 d. CBM allowed Contract to originate a loan to Borrower JS without being licensed  
15 as an Oregon MLO.

#### 16 ORDERS

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

18 63. The Director, pursuant to ORS 86A.127, hereby ORDERS CBM Mortgage to Cease and  
19 Desist from violating OAR 441-880-0315(2), OAR 441-860-0030(4)(a-b), ORS 86A.115(16),  
20 and OAR 441-860-0040(3)(a).

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1 64. The Director, pursuant to ORS 86A.992, may assess civil penalties of up to \$5,000 per  
2 violation of the Oregon Mortgage Lender Law. Pursuant to this provision, as authorized by ORS  
3 86A.992, the Director hereby ORDERS CBM to pay CIVIL PENALTIES totaling \$15,000 for  
4 the following violations:

- 5 a. \$5,000 for the violation of OAR 441-880-0315(2);
- 6 b. \$5,000 for the violation of OAR 441-860-0030(4)(a-b); and
- 7 c. \$5,000 for the violation of ORS 86A.115(16), and OAR 441-860-0040(3)(a).

8 65. The Director SUSPENDS the collection of the \$7,500 in CIVIL PENALTIES assessed  
9 above, provided that, in the five years following the effective date of this Order, CBM does not  
10 violate OAR 441-880-0315(2), OAR 441-860-0030(4)(a-b), ORS 86A.115(16), and OAR 441-  
11 860-0040(3)(a), or the terms of this Order. If CBM fails to satisfy this condition, the remaining  
12 \$7,500 in civil penalties will become immediately due and owing. Otherwise, the Director will  
13 waive the suspended portion of the civil penalties five years after the effective date of this Order.

14 66. By mutual agreement, payment of the \$7,500 non-suspended portion of the civil penalty  
15 assessed in the Consent Order will be made in two monthly installments \$3,750. The first  
16 payment is due on August 10, 2023, and the second payment is due on September 10, 2023.

17 67. This Order is a “Final Order” under ORS 183.310(6)(b). Subject to that provision,  
18 entry of this Order does not limit other remedies available to the Director under Oregon law to  
19 enforce this Order or to take action for violations of this Order or of the Oregon Mortgage  
20 Lender Law that are not covered by this Order.

21 Dated this 17th day of August, 2023.

22  
23 Andrew Stolfi, Director  
24 Department of Consumer and Business Services

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

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1 ENTITY CONSENT TO ENTRY OF ORDER

2 I, Joseph M. Kowitz, state that I am an officer of CBM, and I am authorized to  
3 act on its behalf. I have read the foregoing order, and I know and fully understand the contents  
4 hereof. I have been advised of the right to a hearing and of the right to be represented by  
5 counsel in this matter. CBM voluntarily and without any force or duress consents to the entry of  
6 this order, expressly waiving any right to a hearing in this matter. CBM understands that the  
7 Director reserves the right to take further actions to enforce this order or to take appropriate  
8 action upon discovery of other violations of the Oregon Mortgage Lender Law. CBM will fully  
9 comply with the terms and conditions stated herein.

10 CBM further assures the Director that neither CBM nor its officers, directors,  
11 employees, or agents will effect mortgage transactions in Oregon unless such activities are in  
12 full compliance with the Oregon Mortgage Lender Law. CBM understands that this Consent  
13 Order is a public document.

14 Dated this 31st day of July, 2023.

16 By /s/ Joseph M. Kowitz

17 Sole Member  
18 Office Held

19 ENTITY ACKNOWLEDGMENT

20 There appeared before me this 31st day of July 2023,

21 Joseph M. Kowitz, who was first duly sworn on oath, and stated that he or she  
22 was and is an officer of CBM and that he or she is authorized and empowered to sign this  
23 Consent to Entry of Order on behalf of States and to bind States to the terms hereof.

24 /s/ Steven Glen Kaplan

25 Notary Public for the State of: Maryland

26 My commission expires: August 29, 2025