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

In the Matter of: Kendall Home Finance, LLC NMLS# 2192590 Respondent.	Case No. M-22-0123 FINAL ORDER TO CEASE AND DESIST AND ORDER ASSESSING CIVIL PENALTY ENTERED BY DEFAULT

On February 7, 2023, the Director of the Oregon Department of Consumer and Business Services for the State of Oregon (the "Director"), through the Division of Financial Regulation (the "Division"), properly served Respondent, Kendall Home Finance, LLC ("KHF"), an Order to Cease and Desist, Proposed Order Assessing Civil Penalties, and Notice of Right to a Hearing ("Notice Order") via regular and certified United States mail at its last known addresses and on its registered agent. None of the mailings were returned.

The Notice Order offered Respondent an opportunity for a hearing, if requested in writing within 20 days of service. The Notice Order further informed Respondent that if a hearing was not conducted because it did not timely request a hearing or otherwise defaulted, then the designated portion of the Division's file, which includes all materials Respondent submitted, would automatically become part of the contested case record to prove a *prima facie* case. Respondent has not made a written request for a contested hearing, and the time to do so has expired.

After considering the relevant portions of the Division's file in this matter, the Director finds that the record proves a *prima facie* case. Now, therefore, the Director makes the following Findings of Fact and Conclusions of Law and issues the following Orders.

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FINDINGS OF FACT

The Director FINDS that:

1. KHF is a California limited liability company with a principal place of business currently located at 7028 Convoy Court, San Diego, California 92111.

2. KHF was licensed as an Oregon mortgage banker/broker with the Division of Financial Regulation ("Division") from May 24, 2022 through December 31, 2022 (NMLS# 2192590).

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

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

5. KHF employed at least one loan originator during the second quarter ("Q2") of 2022.

6. The quarterly reports are due 45 days following the end of each quarter such that the Q2 2022 MCR was due on August 14, 2022.

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

8. When a deficiency is set in NMLS, the system sends an email to the licensee's email address of record. Similarly, at all times material, when the Division contacted KHF by email, all messages were sent to KHF's email address of record on file with NMLS, kendallhomefinance@gmail.com.

9. Since KHF had not filed the 2022 Q2 MCR with Oregon RMLA by August 14,

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2022, NMLS placed a deficiency on August 15, 2022 notifying the company of the filing requirement.

10. On September 20, 2022, an examiner with the Division sent an email to KHF about the failure to file and extended the deadline to October 15, 2022.

11. Also on September 20, the examiner set a deficiency warning of a regulatory action for a late filing.

12. On October 5, 2022, the examiner sent another email to KHF reminding the company of the October 15 deadline.

13. On October 14, 2022, the examiner sent an email providing a final notice to KHF to file by October 15, 2022, to avoid regulatory enforcement action.

14. On October 21, 2022, the examiner called KHF and left a message. On October 24, the examiner spoke with Crystal Owens who confirmed that she understood that a late filing after October 25 would result in a regulatory action and fine.

15. On November 10, 2022, KHF filed the 2022 Q2 MCR with Oregon RMLA.

16. On December 6, 2022, the Division contacted KHF by email to settle this matter and did not receive a response.

17. Again, on January 11, 2023, the Division contacted KHF to settle this matter and did not receive a response.

18. KHF failed to renew its Oregon license for 2023.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

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

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ORDERS

NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING:

20. The Director, pursuant to ORS 86A.127, hereby ORDERS KHF to cease and desist from violating ORS 86A.239(2).

21. The Director, pursuant to ORS 86A.992, may assess civil penalties of up to $5,000 per violation of the Oregon Mortgage Lender Law. Pursuant to this provision, as authorized by ORS 86A.992, the Director hereby ORDERS KHF to pay $2,000 for the violation of ORS 86A.239(2).

22. This is a "Final Order" under ORS 183.310(6)(b). Subject to this provision, the entry of this Order does not limit further remedies that may be available to the Director under Oregon law.

SO ORDERED this 14th day of March, 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 are entitled to judicial review of this order in accordance with 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 this order is served.

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