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

In the Matter of:	Case No. M-17-0084
TRAVIS D. NEWTON, Respondent.	FINAL ORDER TO CEASE AND DESIST, ORDER SUSPENDING LICENSE AND ASSESSING CIVIL PENALTY, AND CONSENT TO ENTRY OF ORDER

The Director of the Department of Consumer and Business Services for the State of Oregon ("the Director") conducted an investigation of respondent Travis D. Newton ("Newton") and determined that he violated certain provisions of Oregon Revised Statutes ("ORS") 86A.100 et seq. and Oregon Administrative Rules ("OAR") 441-850-0005 through 441-885-0010 (collectively, "the Oregon Mortgage Lender Law").

Newton, without admitting or denying the Findings of Fact or Conclusions of Law contained herein, wishes to resolve and settle this matter with the Director.

Now, therefore, as evidenced by the authorized signature(s) subscribed in this Order, Newton hereby consents to entry of this Order upon the Director's Findings of Fact and Conclusions of Law as stated below.

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

FINDINGS OF FACT

The Director FINDS that:

1. Newton is licensed in Oregon as a mortgage loan originator. His NMLS number is 269195.

2. In 2010, the Division of Finance and Corporate Securities, now known as the Division of Financial Regulation ("the Division"), investigated Newton and others for

alleged violations of the Oregon Mortgage Law and the Oregon Securities Law. The Division did not issue any findings of fact or conclusions of law at that time.

3. Newton's mortgage loan originator license ("License") expired on January 1, 2013.

4. The Division's 2010 investigation did not result in a formal enforcement action against Newton. However, the Division issued Newton a Letter of Understanding ("Letter") when Newton applied for a new License in November 2013.

5. The Letter, dated December 2, 2013, required Newton to comply with the Oregon Mortgage Lender Law. Newton acknowledged receipt of the Letter.

6. The Division granted Newton a new, unconditional License on December 2, 2013.

7. In 2016, Newton, then an employee of Guild Mortgage Company, originated a residential mortgage loan for JCS, a first-time home buyer.

8. During the mortgage loan origination process, Newton informed JCS that he needed $11,000.00 in his bank account to qualify for a residential mortgage loan, but JCS did not have $11,000.00 available. JCS's mother, JS, loaned him $6,000.00. Newton loaned the remaining $5,000.00, which he gave to JS so she could make a purported gift of $11,000.00 to JCS. JS signed a gift letter gifting $11,000.00 to JCS, and JCS signed the gift letter, acknowledging receipt of the money.

9. Newton told JCS to pay back only $4,500.00 of the $5,000.00 to make up for difficulties JCS encountered in obtaining the residential mortgage loan. JCS wrote Newton a check for $4,500.00, which Newton deposited into his personal bank account on November 4, 2016.

10. There are no findings that Newton personally benefitted by loaning the $5,000.00 other than the fees he made as part of the closing of the residential mortgage loan.

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CONCLUSIONS OF LAW

The Director CONCLUDES that:

11. By lending $5,000.00 so JCS could qualify for a residential mortgage loan and making it appear as if the money was a gift from JS, Newton knowingly made an untrue statement of material fact or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading, in violation of ORS 86A.154(2).

12. By lending $5,000.00 so JCS could qualify for a mortgage loan and making it appear as if the money was a gift from JS, Newton engaged in an act, practice or course of business which operates or would operate as a fraud or deceit upon any person in violation of ORS 86A.154(3).

13. By lending $5,000.00 so JCS could qualify for a residential mortgage loan and making it appear as if the money was a gift from JS, Newton engaged in dishonest, fraudulent or illegal practices or conduct in a business or profession or engaged in unfair or unethical practices or conduct in connection with the mortgage business, in violation of ORS 86A.183(1)(a).

14. By lending $5,000.00 so JCS could qualify for a residential mortgage loan and making it appear as if the money was a gift from JS, Newton willfully or repeatedly violated or failed to comply with a provision or ORS 86A.095 to 86A.198 or 86A.200 to 86A.239 or a rule or order of the Director in violation of ORS 86A.183(1)(b).

15. By lending $5,000.00 so JCS could qualify for a residential mortgage loan and making it appear as if the money was a gift from JS, Newton employed a device, scheme, or artifice to defraud or engaged in any act, practice or course of business that operates or would operate as a fraud or deceit in violation of ORS 86A.236(2).

16. By lending $5,000.00 so JCS could qualify for a residential mortgage loan and making it appear as if the money was a gift from JS, Newton knowingly made an untrue

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statement of material fact or omitted to state a material fact that would make the statement not misleading in light of the circumstances under which he made the statement, in violation of ORS 86A.236(3).

17. ORS 86A.224(1)(a) and (4)(a)(D)-(E) authorize the Director to deny, condition, revoke, or suspend Newton's License for engaging in conduct described in Paragraphs 11-16 of this Order.

18. ORS 86A.127(4) and 86A.224(2)(a) authorize the Director to order Newton to cease and desist from violating the Oregon Mortgage Lender Law.

19. ORS 86A.224(3)(a) and 86A.992(1) authorize the Director to impose on Newton a civil penalty of up to $5,000.00 for each violation of the Oregon Mortgage Lender Law.

ORDER

Now therefore, the Director issues the following Order:

20. As authorized by ORS 86A.127(4) and 86A.224(2)(a), the Director ORDERS Newton to CEASE AND DESIST from violating the Oregon Mortgage Lender Law.

21. Pursuant to ORS 86A.224, the Director ORDERS that, effective October 1, 2018 (the "Effective Suspension Date"), the License issued to Newton shall be suspended for two (2) years from the Effective Suspension Date (the "Suspension Term"). The suspension precludes Newton from engaging, during the Suspension Term, in any activities as a mortgage loan originator, as defined in ORS 86A.200(4)(a), that require a mortgage loan originator license under ORS 86A.200, et seq. (subject to all exemptions). Newton is not precluded from engaging in any residential mortgage loan activities that do not require a mortgage loan originator license under ORS 86A.200, et seq, so long as Newton otherwise complies with the Oregon Mortgage Lender Law. The suspension applies only to those transactions that qualify as "residential mortgage transactions"

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within the meaning of ORS 86A.100(8) or loans that are "residential mortgage loans" within the meaning or ORS 86A.200(8).

22. During the Suspension Term, Newton shall comply with all the requirements to keep his license active, including paying licensing fees and completing Continuing Education ("CE") credits as required by ORS 86A.215 and/or 86A.221 and approved by the Nationwide Multistate Licensing System and Registry ("NMLS").

23. The Suspension Term shall expire on September 30, 2020, after which time the License shall be reinstated upon Newton providing proof of satisfaction of the following requirements:

A. Newton continues to have an active suspended License in NMLS; and

B. In addition to the required CE ethics courses for 2018 to 2020, Newton shall provide proof of a minimum of three (3) hours of mortgage lending ethics course approved by NMLS. Proof may be provided directly to the Division or through NMLS.

24. In the event Newton does not seek reinstatement of his License until after five (5) or more years have elapsed from the Effective Suspension Date, Newton shall, as a condition for reinstatement:

A. Provide proof of completion of the CE requirements mandated by Paragraph 23;

B. Pass a qualified written test under ORS 86A.215 and OAR 441-880-0215; and

C. Complete any other requirements under ORS 86A.218.

25. Upon reinstatement of the License, the License shall be conditional until further order of the Director (the "Conditional Term"). In addition to the requirements of any mortgage loan originator licensee, including but not limited to the continuing education and renewal requirements, Newton shall, during the Conditional Term, be subject to the following conditions:

(1) Newton shall comply with ORS chapter 86A, OAR 441-850-0005

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through OAR 441-885-0010 and any rule, order, or policy issued by the Director;

(2) Newton shall file an amendment updating any information contained on Newton's licensing application in NMLS within 30 days of the change of any information;

(3) Newton shall respond within thirty (30) days to any deficiency placed on Newton's license in the NMLS; and,

(4) Any loan files originated by Newton shall be subject to the following:

(a) Year One of Conditional Term: 100% loan file review (audit)[1] by any employer of Newton's for the first six (6) months, with the employer right to on-site visits at least once per month, at least three of which must be unannounced; 75% loan file review by any employer of Newton's for the next three (3) months, with the employer right to on-site visits at least twice in the quarter, at least one of which must be unannounced; 50% loan file review by any employer of Newton's for the final three (3) months, with the employer right to on-site visits at least twice in the quarter, at least one of which must be unannounced.

(b) Year Two of Conditional Term: 25% loan file review (audit) by any employer of Newton's, with the employer right to on-site visits once in a quarter, at least one of which must be unannounced.

(c) Year Three of Conditional Term until end of Conditional Term: 10% loan file review (audit) by any employer of Newton's, with the employer right to on-site visits at least twice each year, at least one visit every two years of which must be unannounced.

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[1] For purposes of this Order, the file review (audit) pertains only to (i) those loans originated by Newton and (ii) residential mortgage loans within the meaning of ORS 86A.200(8). Any file review (audit) shall be in accordance with generally acceptable industry practices, and shall not include any members of Newton's then existing "team."

26. Any employer of Newton's during the Suspension Term and Conditional Term shall provide a means for handling borrower and investor complaints so that any complaints will be handled by employees other than Newton.

27. If Newton fails to comply with the conditions of his License during the Conditional Term, Newton agrees to notify the Division of his failure to meet the conditions. Newton agrees that failure to comply with the conditions of his License could result in enforcement action, including but not limited to revocation of his License.

28. Newton shall have the right to apply for termination of the "conditional" nature of his License at any time after five (5) years from the Effective Suspension Date.

29. Newton shall have the right to apply for a mortgage lender license (mortgage banker or mortgage broker) pursuant to ORS 86A.100 through ORS 86A.198 in the ordinary course upon completion of the Suspension Term. Any mortgage lender license shall include, at a minimum, the same conditions required for reinstatement of the License. The Division shall review Newton's mortgage lender license application in the ordinary course and according to current law.

30. As authorized by ORS 86A.992(1) and 86A.224(3)(a), the Director hereby ORDERS Newton to pay a total civil penalty of $5,000.00. The Director suspends payment of the civil penalty for a period of three (3) years from the date of this Order, so long as Newton does not violate the Oregon Mortgage Lender Law or the terms of this Order within the three-year time period, after which time the civil penalty shall be automatically waived. If Newton commits any such violation, the suspended portion of the civil penalty will become immediately due and owing.

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31. The date of this Order is the day the Director or the Director's nominee signs the Order. The entry of this Order in no way limits further remedies which may be available to the Director under Oregon law pertaining to other violations of the Oregon Mortgage Lender Law.

SO ORDERED this 9th day of July, 2018.

CAMERON C. SMITH, Director
Department of Consumer and Business Services

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

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CONSENT TO ENTRY OF ORDER

I, Travis D. Newton, state that I have read the foregoing Order and that I know and fully understand the contents hereof, without admitting or denying the Findings of Fact or Conclusions of Law. I have been advised of the right to a hearing and of the right to be represented by counsel in this matter. I voluntarily consent to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this Order. I understand that the Director reserves the right to take further action against me to enforce this Order or to take appropriate action upon discovery that I have committed other violations of the Oregon Mortgage Lender Law. I will fully comply with the terms and conditions stated herein.

I understand that this Order is a public document.

/s/ Travis D. Newton
Signature
Travis D. Newton

ACKNOWLEDGMENT

State of Oregon

County of Marion

Signed or attested before me on the 9th of July, 2018.

/s/ Richard T. Espinoza
Notary Public

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