

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

In the Matter of:

Case No. M-18-0063

TRUE MORTGAGE, INC., a Domestic
Business Corporation, and SIDNEY TRUE,
an Individual,

ORDER TO CEASE AND DESIST,
ORDER ASSESSING CIVIL
PENALTY, ORDER AGREEING NOT
TO SEEK LICENSURE OR SERVE
AS A CONTROL PERSON, AND
CONSENT TO ENTRY OF ORDER

Respondents.

The Director of the Department of Consumer and Business Services for the State of Oregon (“Director”), acting in accordance with Oregon Revised Statutes (“ORS”) 86A.095 et seq. and Oregon Administrative Rules (“OAR”) 441-850-0005 through 441-885-0010 (collectively, “Oregon Mortgage Lender Law”), has conducted an investigation into the activities of True Mortgage, Inc. (“TMI”) and Sidney True (“True”) (collectively, “Respondents”) and determined that Respondents engaged in activities constituting violations of the Oregon Mortgage Lender Law.

Respondents wish to resolve and settle this matter with the Director.

Now, therefore, as evidenced by the authorized signature subscribed on this Order, Respondents hereby CONSENT 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. TMI has a principal place of business located at 21900 SW Ribera Lane, West Linn, OR 97068.

2. On March 12, 2014, TMI was issued Oregon mortgage banker/broker license

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1 number ML-5285.¹ TMI’s Nationwide Mortgage Licensing System (“NMLS”) number is
2 1161891. At all relevant times, TMI employed at least one licensed mortgage loan
3 originator.

4 3. On December 19, 2013, True was issued an Oregon mortgage loan originator
5 license.² True’s NMLS number is 1114101.

6 4. At all relevant times, True has been TMI’s President and Control Person. A
7 Control Person exercises control over mortgage broker licensees and license applicants.

8 5. True also owns and operates True Holdings, LLC (“THL”), a limited liability
9 company.

10 **Respondents’ Financial Relationship with Timothy Lunceford and his Entities**

11 6. In or around 2013, THL entered into numerous loans secured by deeds of trust
12 on real property upon which four or fewer residential dwelling units were planned or
13 situated. These include loans brokered by Greyson Financial, LLC (“GFL”) and Greyson
14 Financial Services, Inc. (“GFS”), entities owned and/or controlled by Timothy Lunceford
15 (“Lunceford”).³

16 7. Over time Lunceford cultivated a network of persons who loaned money to
17 borrowers seeking non-traditional real estate financing.

18 8. On or around April 1, 2014, GFS sold its assets to TMI. The primary asset was
19 Lunceford’s network of lenders. In exchange for access to the network, Respondents
20 agreed to loan Lunceford approximately \$15,000 a month.⁴ Lunceford also agreed to
21 provide TMI with consultant services. At this time, Lunceford was subject to tax liens by
22 both the Oregon Department of Revenue and Internal Revenue Service.

23 9. As part of its acquisition of GFS’s assets, TMI acquired the services of Michele
24

25 ¹ On January 1, 2019, this license was terminated due to TMI’s failure to renew.

26 ² On January 1, 2019, this license was terminated due to True’s failure to renew.

³ Lunceford’s NMLS number is 304033. See related Division case number M-19-0023 against Lunceford.

⁴ The actual payment amounts varied.



1 Coffey (“Coffey”), whom GFS had employed to perform accounting and loan services, and
2 Laura Butner (“Butner”), whom GFS had employed to perform administrative work.

3 10. On March 25, 2015, Greyson Commercial, LLC (“GCL”) registered as an
4 Oregon limited liability company. From its inception through in or around March 2017,
5 Lunceford had management control and/or ownership of GCL.

6 11. Beginning on or around January 11, 2016, Respondent began issuing
7 Lunceford’s loan funds to GCL.

8 12. On January 25, 2017, Coffey and Butner became officers of GCL.

9 13. On or around March 1, 2017, the Oregon Department of Revenue issued a writ
10 of garnishment against Lunceford for \$316,928.31. Under the writ, 100% of funds loaned
11 to Lunceford were subject to garnishment whereas only 25% of his payroll income was
12 subject to garnishment.

13 14. Following the issuance of the garnishment:

14 A. Lunceford signed ownership of GCL over to Coffey and Butner; and

15 B. TMI placed Lunceford on its payroll.

16 **TMI’s Lack of Supervision**

17 15. On July 18, 2014, the Division conducted an exam of TMI and determined that
18 TMI was unfamiliar with its documented supervision procedures and failed to perform
19 most of the activities prescribed therein.⁵ The Division also discovered that TMI operated
20 out of the same office as GFS,⁶ which continued to operate following the sale of its assets
21 to TMI, and that Lunceford was simultaneously acting as GFS’s president while
22 performing commercial real estate loan origination for TMI. The Division directed TMI
23 to keep its records and business activities separate from GFS.

24 16. On December 30, 2014, TMI and the Division entered into a consent order

25 ⁵ TMI earned a rating of ‘5’ on the exam, the lowest possible rating.

26 ⁶ The office was located at 440 1st Ave. E., #3, Albany, OR 97321 (“1st Ave. Office”). TMI operated out of
this office until on or around August 6, 2018.





1 concluding that TMI failed to supervise and diligently control the mortgage-related
2 activities of an employee by allowing an unsponsored loan originator to originate a
3 residential mortgage loan for them, in violation of ORS 86A.115(16) and OAR 441-880-
4 0315(2).⁷

5 17. Under the consent order, TMI was ordered to cease and desist from violating
6 any provision of the Oregon Mortgage Lender Law and assessed \$5,000 in civil penalties.

7 18. On February 5, 2015, Butner was issued an Oregon mortgage loan originator
8 license. Butner's NMLS number is 1184197.

9 19. On May 20, 2015, Coffey was issued an Oregon mortgage loan originator
10 license. Coffey's NMLS number is 1290081.

11 20. Beginning on or around March 14, 2016, Coffey identified as GCL's chief
12 accounting officer. Beginning on or around March 14, 2016, GCL operated out of the same
13 1st Ave. Office as TMI and GFS.

14 21. From on or around October 19, 2016 through on or around January 8, 2018,
15 TMI improperly characterized service fees on loans secured by deeds of trust on real
16 property upon which four or fewer residential dwelling units were planned or situated as
17 additional loan interest. Consequently, the loans' late fees were based off of improperly
18 elevated rates. These improper rates also created the risk that borrowers would overstate
19 the mortgage interest they had paid for the year on their 1098 tax forms. Coffey and Butner
20 each originated such loans on TMI's behalf. The loans were secured by real property at
21 the following locations:

22 A. SW 11th St., Newport, OR 97365 ("11th St. Loan");

23 B. Guardenia Ave., Cloverdale, OR 97112;

24 C. Lawton Rd., Oregon City, OR 97045;

25 D. Woodrow St., Milton-Freewater, OR 97862;

26 ⁷ See Division case number M-14-0047.



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- E. Grand Prairie Rd., Albany, OR 97322; and
- F. Fountain Rd., Elmira, OR 97437.

22. TMI's records for the 11th St. loan include:

- A. A \$40,000 lender check issued to GCL and deposited into GCL's trust account;
- B. A \$38,000 check GCL issued to the borrower; and
- C. A check GCL issued to the county clerk to file loan modification documents.⁸

23. On January 25, 2017, Coffey and Butner became GCL's sole officers.

24. TMI possesses a file containing a loan application that identifies GCL as the originating entity ("GCL Loan File").⁹ Butner is identified on the application as a TMI originator. The closing instructions include TMI's phone, fax and NMLS numbers. The promissory note identifies two properties upon which four or fewer residential dwelling units were planned or situated as loan collateral. Other loan documents identified an industrial property as the loan collateral.¹⁰

25. On March 2, 2018, Chameleon Capital Group, Inc. ("Chameleon") registered as an Oregon domestic business corporation. Coffey and Butner are Chameleon's sole officers. Chameleon operates out of the 1st Avenue Office.

26. On May 24, 2018, TMIL registered as an Oregon limited liability company. TMIL's members are Chameleon, Coffey and Butner.

27. On June 28, 2018, following a February 2018 examination of TMI,¹¹ the Division issued a report in which it determined that:

⁸ TMI claims the lender erroneously issued the \$40,000 check to GCL before leaving the country and that GCL's subsequent activity was necessary to address time-sensitive matters relating to the loan.
⁹ The application is dated December 20, 2017.
¹⁰ TMI claims that the residential properties were erroneously included and related to a separate loan transaction.
¹¹ TMI earned a rating of '5' on the exam, the lowest possible rating.



- 1 A. True only visited the 1st Avenue Office approximately once every three
- 2 months;
- 3 B. McKenzie, Chameleon and TMIL all operated out of the 1st Avenue
- 4 Office, a fact of which True was unaware;¹²
- 5 C. True did not document his review of TMI's loan files;
- 6 D. True delegated his supervision responsibilities to Coffey; and
- 7 E. True had been unaware of Coffey and Butner's affiliation with GCL.

8 28. Under the supervision plan in place at the time of the Division's 2018 review,
9 True was responsible for performing oversight of quality control functions including
10 "reviewing day-to-day origination, processing, closing and servicing functions[.]"

11 29. In or around July 2018, TMI sold its assets to Chameleon. Chameleon is the
12 parent company of TMIL.

13 30. On July 27, 2018, TMIL was issued Oregon mortgage broker license number
14 ML-5739. TMIL's NMLS number is 1756896.

15 31. TMIL currently employs Lunceford as a loan processor.

16 CONCLUSIONS OF LAW

17 The Director CONCLUDES that:

18 32. The following illustrate TMI's failure to properly review its operations and loan
19 files:

20 A. Its systemic mischaracterization of service fees as additional loan
21 interest;

22 B. Its overlap with the operations of Lunceford's various entities, despite
23 the Division's warnings, such that records identifying the involvement of those
24 unlicensed entities are included in TMI's mortgage broker files;

25 _____
26 ¹² True was also unaware that GFS had operated out of the 1st Avenue Office until its 2017 administrative dissolution.

1 C. True's ignorance of the various entities operating out of TMI's principal
2 place of business and of Coffey and Butner's affiliation with GCL;

3 D. True's failure to regularly visit TMI's principal place of business;

4 E. True's failure to document his review of TMI's loan files; and

5 F. True's delegation of his supervisory duties to Coffey, in contravention
6 of TMI's supervision plan.

7 33. By failing to establish, maintain and enforce written procedures to supervise the
8 activities of mortgage loan originators, TMI violated OAR 441-860-0040(3)(b).

9 34. By failing to reasonably review the activities of each office transacting loans
10 with Oregon consumers, or retain records of the dates and findings of such reviews, TMI
11 violated OAR 441-860-0040(3)(c).

12 35. Because the Director has reason to believe that Respondents have engaged in
13 the foregoing violations of the Oregon Mortgage Lender Law, the Director may issue an
14 order to Respondents to cease and desist from violations of the Oregon Mortgage Lender
15 Law, under ORS 86A.127(4).

16 ORDERS

17 Now therefore, the Director issues the following Orders:

18 36. As authorized by ORS 86A.127(4), the Director ORDERS Respondents to
19 CEASE AND DESIST from violating the Oregon Mortgage Lender Law.

20 37. Respondents hereby AGREE not to seek licensure under the Oregon Mortgage
21 Lender Law for a period of ten years.

22 38. True hereby AGREES not to serve or act as a Control Person on behalf of an
23 Oregon-licensed mortgage broker for a period of ten years.

24 39. As authorized by ORS 86A.992(1), the Director hereby ORDERS that
25 Respondents be jointly and severally subject to CIVIL PENALTIES totaling \$10,000 as
26 follows:



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A. \$5,000 for violating OAR 441-860-0040(3)(b); and

B. \$5,000 for violating OAR 441-860-0040(3)(c).

40. The CIVIL PENALTY assessed herein (\$10,000) is due and payable as follows:

A. \$2,500 at the time this Order is returned to the Division;

B. \$2,500 by June 17, 2019;

C. \$2,500 by July 15, 2019; and

D. \$2,500 by August 15, 2019.

41. This Order is binding upon Respondents’ successors and assigns.

42. 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 12th day of June, 2019.

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, Sidney True, state that I have read the foregoing Order and that I know and fully understand the contents hereof. I have been advised of my right to a hearing and of my 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 actions against me to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Mortgage Lender Law by me. I will fully comply with the terms and conditions stated herein.

I further assure the Director that neither I nor my officers, directors, employees, or agents will effect mortgage transactions in Oregon unless such activities are in full compliance with the Oregon Mortgage Lender Law. I understand that this Consent Order is a public document.

/s/ Sidney True
Sidney True

State of Puerto Rico
County of Rincon
Affidavit number: 638

Signed or attested before me on this 29th day of May, 2019

by Sidney True. Identified by personal knowledge in Rincon, Puerto Rico.

/s/ Ramirez Nieves
Notary Public 21150

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ENTITY CONSENT TO ENTRY OF ORDER

I, Sidney True, state that I am an officer of TMI and authorized to act on its behalf. I have read the foregoing Order and that I know and fully understand the contents hereof. I have been advised of TMI’s right to a hearing and right to be represented by counsel in this matter. TMI voluntarily consents 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. TMI understands that the Director reserves the right to take further actions against it to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Mortgage Lender Law by TMI. TMI will fully comply with the terms and conditions stated herein.

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

Signature: /s/ Sidney True

Position Held: President, True Mortgage Inc.

State of Puerto Rico

County of Rincon

Affidavit number: 638

Signed or attested before me on this 29th day of May, 2019
by Sidney True. Identified by personal knowledge in Rincon, Puerto Rico.

/s/ Ramirez Nieves
Notary Public 21150

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