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

In the Matter of: Turn Key Mortgage, LLC dba MFDB, LLC NMLS# 1401167 Respondent.	M-19-0146 ORDER CONDITIONING MORTGAGE BANKER/BROKER LICENSE, ORDER TO CEASE AND DESIST, ORDER ASSESSING CIVIL PENALTIES AND CONSENT TO ENTRY OF ORDER

WHEREAS the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter "the Director") conducted an investigation of Turn Key Mortgage, LLC and determined that Turn Key Mortgage, LLC 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 Turn Key Mortgage, LLC wishes to resolve and settle this matter with the Director,

NOW THEREFORE, as evidenced by the authorized signature subscribed on this order, Turn Key Mortgage, LLC hereby CONSENTS to entry of this order upon the Director's Findings of Fact and Conclusions of Law as stated hereinafter:

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. MFDB, LLC is an Oregon limited liability company with a principal place of business located at 207 8th Street, Oregon City, Oregon 97045.

2. MFDB, LLC received a mortgage banker/broker license from the Oregon Division of Financial Regulation (hereinafter "Division") on September 18, 2015.

3. On or about April 29, 2019, MFDB, LLC changed its name to Turn Key Mortgage, LLC and adopted MFDB, LLC as a trade name (referenced collectively as "TKM").

I. 2016 examination

4. In July 2016, the Division completed an on-site examination of TKM.

5. At the time of this examination, the only Oregon licensed location was TKM's principal place of business.

6. It did not appear to the examiner that all of the loan originators were working from the principal place of business, so he cautioned that if a loan originator engages in regular origination activity from home, TKM must obtain a branch license for the home.

7. A TKM loan originator failed to report his outside business activity on the "Other Business" section of his MU4 in NMLS.

8. Several residential borrower files reviewed during the 2016 examination were missing required information or documentation.

9. Other deficiencies were noted during this examination, and the Division sent a report to TKM that included all of the findings.

10. Following several discussions with company principals regarding the 2016 examination's findings, the Division issued a warning letter to TKM in April 2017. This letter advised TKM to pay particular attention to the deficiencies noted in the examination report in preparing for future exams.

II. 2018-2019 follow-up examination

11. Since TKM received a "marginal" score (4) on the 2016 examination, the Division completed a follow-up examination in 2018 that concluded in 2019.

12. The follow-up examination identified several cumulative deficiencies in TKM's supervision of its loan originators.

13. Concerns were again noted regarding loan originators appearing to conduct origination activity from their homes that were not licensed as branch offices.

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14. A loan originator again failed to report his role in another active company on the "Other Business" section of his MU4 in NMLS. This loan originator had failed to update his record previously during the 2016 examination.

15. A material percentage change in TKM ownership occurred in January 1, 2017 and again on January 1, 2018. TKM failed to report these ownership changes to the Division until September 2018, during the Division's follow-up examination.

16. The Division found that the loan originator compensation agreements TKM provided during the follow-up examination were lacking several material elements and requested that TKM provide updated, compliant agreements. To date, TKM has not provided updated agreements to the Division.

17. Several residential borrower files reviewed during the follow-up examination were missing required information or documentation.

18. The follow-up examination noted concerns regarding TKM's information and building security. TKM reported not having access to employees' written communication with borrowers. The company also expressed uncertainty as to which employees possessed keys for access to the office.

19. TKM again received a marginal score on the follow-up examination.

20. Later in 2019, the Division discovered that a loan originator was advertising her home as a TKM branch location online. At the time of the follow-up examination and the advertisement, her home was not licensed as a branch office.

21. This loan originator's home is now licensed as a TKM branch location.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

22. By allowing at least one loan originator to conduct regular origination activity from home and advertise her home as a company branch office in 2019 when this location was not licensed, TKM failed to diligently supervise and control the mortgage-related activities of its loan

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originators in violation of ORS 86A.115(16), OAR 441-860-0030.

23. TKM failed to diligently supervise and require a loan originator to make timely updates to his license record in NMLS in violation of ORS 86A.115(16) and OAR 441-880-0320.

24. By failing to promptly report changes in ownership and control persons in 2017 and 2018 to the Division within 30 days, TKM violated ORS 86A.109(3) and OAR 441-860-0070(1).

ORDER

NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:

25. The Director, pursuant to ORS 86A.127, hereby ORDERS TKM to Cease and Desist from violating ORS 86A.115(16), OAR 441-860-0030, ORS 86A.109(3) and OAR 441-860-0070(1).

26. 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, the Director hereby orders TKM to pay a civil penalty of $2,500 total for the violations of ORS 86A.115(16), ORS 86A.115(16), OAR 441-860-0030, ORS 86A.109(3) and OAR 441-860-0070(1).

27. The Director, pursuant to ORS 86A.115, hereby ORDERS that, effective the date of this order, a conditional Oregon mortgage banker/broker license shall be issued to TKM until further order of the Director, subject to renewal fee and document requirements. The conditional license shall be subject to the following conditions such that if TKM fails to comply, TKM agrees that the license shall be revoked:

A. If a TKM loan originator plans to engage in regular origination activity from home or advertise his or her home as a branch, TKM shall license the loan originator's home as a branch office before origination activity occurs, in compliance with OAR 441-860-0030.

B. TKM shall diligently oversee and require loan originators to make timely updates to their license record in NMLS, in compliance with OAR 441-880-0320 and ORS 86A.115(16).

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C. TKM shall promptly report changes in ownership and control persons to the Division within 30 days, in compliance with ORS 86A.109(3) and OAR 441-860-0070(1).

D. TKM shall promptly respond to Division requests for information and documents by the deadline set, or if there is no deadline set, within 30 days of the request.

E. TKM shall ensure compliance with its policy of maintaining a closing checklist to confirm that all required documents are in each residential borrower file pursuant to OAR 441-865-0060 and as required under its company employment agreement.

F. TKM shall maintain an open system of recordkeeping (electronic or paper) wherein all company email and loan-related documents are maintained and readily available to TKM management, in compliance with ORS 86A.112.

G. TKM shall ensure that all applicable compensation agreements comply with the rules for loan originator compensation under Regulation Z CFR Section 1026.36 and ORS 86A.112.

H. Ownership and equity interests in TKM must be bona fide and not a mere subterfuge for payment of compensation based on the terms of a transaction. Accordingly, all sales of TKM ownership interests will be made for appropriate consideration, taking into account the value of past sales.

I. To ensure appropriate oversight of loan originators, a TKM principal shall check in with all loan originators once a week. Relevant topics for discussion include, but are not limited to, updates on origination activity, advertising, and worksite location.

J. TKM shall ensure internal compliance with company policies and employment agreements.

K. TKM shall maintain records documenting which employees possess keys to the office and shall take other steps, including the creation and maintenance of company policies, to ensure that TKM has reasonable safeguards in place to protect the

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confidentiality of the information it collects, and is otherwise in compliance with the Oregon Consumer Identity Theft Protection Act, ORS 646A.600 *et seq*.

28. The entry of this Order in no way limits further remedies which may be available to the Director under Oregon law, including for the violations noted in the Conclusions of Law section above.

Dated this 27th day of April , 2020.

Andrew R. Stolfi, Acting Director
Department of Consumer and Business Services

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

ENTITY CONSENT TO ENTRY OF ORDER

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

TKM further assures the Director that neither TKM 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. TKM understands that this Consent Order is a public document.

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Dated this 5th day of March , 2020.

By Donna Davis

Member
Office Held

ENTITY ACKNOWLEDGMENT

There appeared before me this 5th day of March 2020,

Donna Davis, who was first duly sworn on oath, and stated that she was and is an officer of TKM and that she is authorized and empowered to sign this Consent to Entry of Order on behalf of States and to bind States to the terms hereof.

/s/ Charles Robert Johnson

Notary Public for the State of: Oregon

My commission expires: May 7, 2021

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