

1 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
 2 DIVISION OF FINANCE AND CORPORATE SECURITIES
 3 FINANCE SECTION
 4 BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND BUSINESS
 5 SERVICES
 6 STATE OF OREGON

7 In the matter of:) O-97-0003
 8)
 9 MISSION HILLS MORTGAGE) ORDER TO CEASE AND DESIST
 10 CORPORATION) ORDER ASSESSING
 11) CIVIL PENALTY
 12) AND
 13) NOTICE OF RIGHT
 14 RESPONDENT) TO HEARING

15 WHEREAS the Director of the Department of Consumer and
 16 Business Services for the State of Oregon(hereinafter
 17 "Director") has conducted an investigation of Mission Hills
 18 Mortgage Corporation and has determined that Mission Hills
 19 Mortgage Corporation engaged in activities constituting
 20 violations of ORS 59.840 through 59.965 (hereinafter
 21 "Mortgage Lender Law"); and,

22 WHEREAS Mission Hills Mortgage Corporation wishes to
 23 resolve and settle this matter and agrees to conduct all
 24 future business in compliance with the Mortgage Lender Law;

25 NOW THEREFORE, as evidenced by the authorized signature
 26 subscribed on this Order, Mission Hills Mortgage Corporation
 hereby CONSENTS to entry of this Order to Cease and Desist
 and Order to Assess Civil Penalties upon the Director's
 Findings of Fact and Conclusions of Law as stated
 hereinafter:

FINDINGS OF FACT

The Director FINDS that:

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1 1. Mission Hills Mortgage Corporation (hereinafter
2 "MHMC") is a corporation formed in the state of California
3 involved in the business of making and offering to make
4 mortgage loans in the state of Oregon. Respondent MHMC may
5 be served process at CT Corporation at 520 SW Yamhill, Ste
6 800, Portland, OR 97204;

7 2. Respondent MHMC was licensed to conduct business as
8 a mortgage lender on January 1, 1994 to the present.
9 Respondent MHMC operates three branch offices in Oregon
10 including the Medford branch office located at 1744 E
11 McAndrews, Ste B in Medford Oregon. Robert Doell
12 (hereinafter "Doell") is the supervisor of all three branch
13 offices;

14 3. Oregon's Mortgage Lender Law provides that licensed
15 Mortgage Lenders must establish and use a Clients' Trust
16 Account at an Oregon financial institution, for all funds
17 received from consumers. As a matter of policy, the
18 Department will permit a licensee who does not receive
19 client funds other than at the time of closing, to avoid
20 establishment of a clients' trust account by filing with the
21 Director an Affidavit and Undertaking. The Affidavit and
22 Undertaking, on a form provided by the Director, is a sworn
23 statement that provides that the applicant does not accept
24 client funds other than at time of closing and that prior to
25 accepting any client funds, the applicant will establish and
26 use a client trust account as required by Oregon law;



1 4. As a part of their application for licensing
2 Respondent MHMC filed, by FAX received on December 27, 1994,
3 an Affidavit and Undertaking as described above. The
4 Affidavit and Undertaking, signed by Debra Jean Pollack,
5 Vice President and Chief Financial Officer, provides that
6 Respondent MHMC did not accept client funds other than at
7 time of closing and further provides that Respondent MHMC
8 would establish such an account prior to receiving any
9 client funds. The Affidavit and Undertaking was sworn to
10 and subscribed before Mary A Cook a California Notary
11 Public;

12 5. On January 27, 1997 an examination of the books and
13 records of Respondent MHMC was conducted at the Medford
14 branch office of MHMC by H James Krueger (hereinafter
15 "Krueger"), a compliance officer employed by the Department
16 of Consumer and Business Services, Division of Finance and
17 Corporate Securities. In the course of the examination,
18 consumer checks payable to Respondent MHMC for payment of
19 appraisal and credit reports were observed in the loan
20 files; and,

21 6. In response to an inquiry on the processing of loan
22 files, Doell stated to Krueger that consumer checks for
23 payment of appraisals and credit reports were routinely
24 mailed to the Tustin California office and were deposited
25 into and dispersed from an account maintained at a
26 California financial institution.



1 **CONCLUSIONS OF LAW**

2 The Director **CONCLUDES** that at all times relevant to
3 this Order:

4 1. Respondent MHMC transacted the business of a
5 mortgage banker with Oregon residents;

6 2. The funds received by Respondent MHMC constitute
7 trust funds subject to the Trust Account provisions of ORS
8 59.935;

9 3. Respondent MHMC continuously violated the
10 provisions of ORS 59.935 by failing to establish and use a
11 Client Trust Account in an Oregon Financial Institution;

12 4. The Affidavit and Undertaking form filed by
13 Respondent MHMC constitutes a part of the application for
14 licensing required by ORS 59.850;

15 5. ORS 59.850(6) requires a licensee to amend the
16 license application when there are material changes and ORS
17 441-860-070 requires the licensee to file amendments within
18 30 days of a significant change; and,

19 6. Respondent MHMC violated the provisions of ORS
20 59.860(5) and OAR 441-960-070 by failing to notify the
21 Director that it was receiving client funds.

22 **ORDER**

23 Now therefore the Director **ORDERS**:

24 1. Pursuant to the authority of ORS 59.885 Respondent
25 Mission Hills Mortgage Corporation shall **CEASE AND DESIST**
26 from participating in any violation of the Oregon Mortgage



1 Lender Law, ORS 59.840 through 59.965;

2 2. Pursuant to the authority of ORS 59.996 the
3 Director **ASSESS A CIVIL PENALTY** in the amount of \$21,000
4 consisting of:

5 a. \$20,000 for continuing violations of ORS 59.935;
6 and,

7 b. \$1,000 for violation of ORS 59.850(6) and OAR 441-
8 860-070.

9 3. The Director suspends payment of \$18,500 of the
10 assessed civil penalty for a three year period. If in the
11 period from the date of this Order to three years from the
12 date of this Order, Respondent violates any provision of
13 Oregon's Mortgage lender Law, the suspended portion of the
14 assessed penalty will become immediately due and payable.
15 If no violation of Oregon's Mortgage Lender Law by
16 Respondent occurs in the three year period, the suspended
17 portion of the civil penalty is waived. The date of this
18 Order is the date the Director signs the Order.

19 The entry of this Order in no way limits further

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Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97310
Telephone: (503) 378-4337



1 remedies which may be available to the Director under Oregon
2 law.

3 Dated the 24th day of February, 1997 at Salem,
4 Oregon.

5 **KERRY BARNETT, DIRECTOR**
6 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**

7
8 By 
9 **CECIL R MONROE, ADMINISTRATOR**
10 **DIVISION OF FINANCE AND CORPORATE SECURITIES.**

11 **CONSENT TO ENTRY OF ORDER**

12 I, Jay D. Ledbetter state that I am an officer
13 of Mission Hills Mortgage Corporation and I am authorized to
14 act on its behalf; that I have read the foregoing Order and
15 that I know and fully understand the contents hereof; that
16 Mission Hills Mortgage Corporation has been advised of its
17 right to be represented by counsel in this matter; that
18 Mission Hills Mortgage Corporation admits to the factual
19 allegations contained herein and voluntarily consents to the
20 entry of this Order without further hearing without any
21 force or duress, expressly waiving any right to a hearing in
22 this matter; that Mission Hills Mortgage Corporation
23 understands that the Director reserves the right to take
24 further actions to enforce this Order or to take appropriate
25 action upon discovery of other violations of the Oregon
26 Mortgage Lender Law and that Mission Hills Mortgage
Corporation will fully comply with the terms and conditions
stated herein.

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1 Mission Hills Mortgage Corporation further assures the
2 Director that it will not transact business as a mortgage
3 lender unless such activities are in full compliance with
4 ORS 59.840 through 59.965.

5 I understand that this Consent Order is a public
6 document.

8 Dated the 19th day of February, 1997

9
10 BY Jay D. Ledbetter
11 Name
12 Jay D. Ledbetter
(Typed or Printed Name)

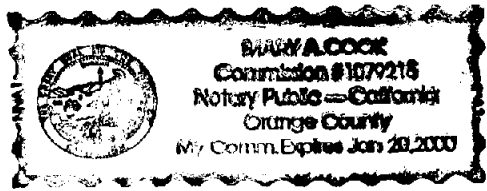
13 CORPORATE ACKNOWLEDGMENT

14 There appeared before me this 19th day of February,
15 1997, Jay D. Ledbetter who was first duly
16 (Name of authorized Signatory)
sworn on oath, and stated that he/she is the President
17 (Position)
Mission Hills Mortgage Corporation, and that he/she is
18 authorized and empowered to sign this Consent to Entry of
19 Order on behalf of Mission Hills Mortgage Corporation and to
20 bind Mission Hills Mortgage Corporation to the terms hereof.

21 Mary A. Cook
22 Notary Public in and for the state of California

23 Mary A. Cook
(Printed Name of Notary Public)
24 Mary A. Cook

25 My commission expires 1/20/2000



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