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DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCE AND CORPORATE SECURITIES
FINANCE SECTION
BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
STATE OF OREGON

In the Matter of	)	**ORDER NO. O-01-0010**
SANTIAM MORTGAGE CORPORATION	)	**CEASE AND DESIST ORDER AND CONSENT TO IMPOSITION OF CIVIL PENALTIES**

To: Santiam Mortgage Corporation dba Oregon Home Loans
PO Box 458
630 S Main St
Lebanon, Oregon 97355

WHEREAS the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter "the Director") conducted an investigation of Santiam Mortgage Corporation dba Oregon Home Loans, and determined that Santiam Mortgage Corporation dba Oregon Home Loans engaged in activities constituting violations of ORS 59.840 through 59.965 (hereinafter "the Oregon Mortgage Lender Law"); and

WHEREAS Santiam Mortgage Corporation dba Oregon Home Loans wishes to resolve and settle this matter with the Director;

NOW THEREFORE, as evidenced by the authorized signatures subscribed on this order Santiam Mortgage Corporation dba Oregon Home Loans hereby **CONSENTS** 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. Santiam Mortgage Corporation dba Oregon Home Loans (hereinafter

"Respondent"), incorporated in Oregon on October 28, 1994 engages in residential mortgage transactions in Oregon or on Oregon real property in expectation of compensation. Respondent is owned in equal shares by David Willcox and Frank Ball..

2. In May 2000, James and Kimberly Bevel (hereinafter "the Bevels") made application with Respondent for a loan to refinance their principal residence located at 248 Alder Street in Lebanon, Oregon 97355.

3. In May 2000, Respondent made a consumer loan which qualifies as a consumer credit transaction (hereinafter "the Bevel loan") to the Bevels secured by an interest in the Bevel's principal residence.

4. The Bevel loan was a refinance of the mortgage on the principal residence of the Bevels.

5. Although the Bevel loan only carried a note rate of 15%, the annual percentage rate was calculated at 50.645%.

6. The yield on Treasury securities having 3 month period of maturity, same as the Bevel loan maturity, as of April 17, 2000, since April 15, 2000 was a Saturday, was less than 6%.

7. The annual percentage rate of the Bevel loan exceeded the comparable Treasury securities yield by more than 10 percentage points which makes the Bevel loan subject to additional disclosures in 12 CFR § 226.32(c) and limitations in 12 CFR § 226.32(d).

8. The Bevels were not provided any disclosure which contained the notice required in 12 CFR §226.32(c)(1) along with the annual percentage rate and the amount of the regular monthly payment as required by 12 CFR § 226.32(c).

9. The Bevel loan contained a balloon payment due ninety (90) days from the date the loan funded as prohibited by 12 CFR § 226.32(d)(1)(i).

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CONCLUSIONS OF LAW

The Director **CONCLUDES** that:

1. Respondent violated ORS 59.955 by failing to provide the consumers a disclosure required by 12 CFR Part 226.

2. Respondent violated ORS 59.865 by engaging in an illegal practice when Respondent made the Bevel loan with a balloon payment prohibited by 12 CFR §226.32(d)(1)(i).

ORDER

The Director, pursuant to ORS 59.885(4), hereby **ORDERS** that Santiam Mortgage Corporation dba Oregon Home Loans will **CEASE AND DESIST** from violating any provision of Oregon Mortgage Lender Law, OAR 441-850-0005 through 441-885-0010 and any rule, order, or policy issued by the Division.

The Director, pursuant to ORS 59.996 hereby **ORDERS** Santiam Mortgage Corporation dba Oregon Home Loans to pay the State of Oregon a civil penalty of $2000.00. The civil penalty is based upon $1000.00 for failing to provide the required disclosure and $1000.00 for engaging in an illegal practice.

The Director suspends payment of $2000.00 of the assessed civil penalty for a three year period. If in the period between the date of the Order to three years from the date of the Order, Santiam Mortgage Corporation dba Oregon Home Loans violates any provision of the Oregon Mortgage Lender Law. OAR 441-850-0005 through 441-885-0010 or any rule, order, or policy issued by the Division, the suspended portion of the assessed civil penalty will become immediately due and payable. If Santiam Mortgage Corporation dba Oregon Home Loans does not violate the Oregon Mortgage Lender Law, OAR 441-850-0005 through 441-885-0010 or any rule, order, or policy issued by the Division in the three year period, the suspended portion of the civil penalty is waived. The date of the Order is the date the Director signs the Order.

The entry of this Order in no way limits further remedies which may be available to the Director under Oregon law for any additional violations resulting from this or any other incident.

Dated this 9th day of April, 2001.

MARY C. NEIDIG, DIRECTOR
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

by _____
R.M. NOCKLEBY, ADMINISTRATOR
DIVISION OF FINANCE AND CORPORATE SECURITIES

CONSENT TO ENTRY OF ORDER

I, _____, state that I am the PRESIDENT of Santiam Mortgage Corporation dba Oregon Home Loans, and I am authorized to act on its behalf; that I have read the foregoing Order and that I know and fully understand the contents hereof; that Santiam Mortgage Corporation dba Oregon Home Loans admits the findings of fact herein, voluntarily consents to the entry of this Order without further hearing, expressly waiving any right to a hearing in this matter; that Santiam Mortgage Corporation dba Oregon Home Loans 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 Oregon Mortgage Lender Law; and that Santiam Mortgage Corporation dba Oregon Home Loans will fully comply with Oregon Mortgage Lender Law.

I understand that this Consent Order is a public document.

Dated this 5 day of APRIL, 2001.

By DAVID S. WILLCOX

(Office Held)

(Signature)

CORPORATE ACKNOWLEDGMENT

There appeared before me this 5th day of April, 2001, David S. Willcox, who was first duly sworn on oath, and stated that s/he was and is the President of Santiam Mortgage Corporation dba Oregon Home Loans and David S. Willcox is authorized and empowered to sign this Consent to Entry of Order on behalf of Santiam Mortgage Corporation dba Oregon Home Loans and to bind Santiam Mortgage Corporation dba Oregon Home Loans to the terms hereof.

Jessica L. Lawless
Signature of Notary Public
Notary Public for the State of: Oregon
My Commission expires: May 2, 2004

OFFICIAL SEAL
JESSICA L LAWLESS
NOTARY PUBLIC - OREGON
COMMISSION NO. 334220
MY COMMISSION EXPIRES MAY 2, 2004