

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 SERVICES
5 STATE OF OREGON

6 In the Matter of
7 STARNET MORTGAGE INC.

8 } O-01-0016
9 } FINAL ORDER BY DEFAULT -
10 } IMPOSITION OF CIVIL PENALTIES

11 To: StarNet Mortgage Inc.
12 17000 Preston Road Suite 350
13 Dallas TX 75248

14 On August 6, 2001, certified true copies of a Cease and Desist Order and a
15 Notice of Intent to Impose Civil Penalties were served upon StarNet Mortgage Inc.
16 (hereinafter "Respondent") by certified mail. The certified mail was accepted on August
17 16, 2001 at the licensed location of Respondent. This notice alleged that (1)
18 Respondent engaged in Oregon residential mortgage transactions between April 10,
19 2000 and July 20, 2000 from a branch office located at 17320 Red Hill Avenue in Irvine,
20 California (hereinafter "the Irvine branch") prior to providing notice to the Director of the
21 Department of Business and Consumer Services (hereinafter "Director") in violation of
22 ORS 59.950(2) and (2) Respondent engaged in Oregon residential mortgage
23 transactions between April 10, 2000 and July 20, 2000 from the Irvine branch prior to
24 providing to the Director the licensing fee and the address and location of the branch
25 office, the branch office telephone number, e-mail address, facsimile number and the
26 information required pursuant to OAR 441-860-0020(7) regarding the branch supervisor
in violation of OAR 441-860-0030. The Notice further granted to Respondent an
opportunity for hearing, if requested within 21 days of service of the Notice. No such
request for hearing has been received by the Director. The Notice designated the
Division of Finance and Corporate Securities' file on this matter as the record for

1 purposes of default.

2 NOW THEREFORE, after consideration of the records and files of the Division
3 of Finance and Corporate Securities relating to this matter, the Director enters the
4 following Order.

5 **FINDINGS OF FACT**

6 1. Respondent, incorporated in Delaware on June 28, 1999, engages in
7 residential mortgage transactions in Oregon or on Oregon real property in expectation
8 of compensation.

9 2. The Director first issued a mortgage lender license to Respondent on April 10,
10 2000 and that license is set to expire on April 10, 2001 for the sole location of 7000
11 Preston Road Suite 350 in Addison, Texas.

12 3. Between April 10, 2000 and July 20, 2000, Respondent transacted nine
13 mortgage loan applications regarding Oregon residential real property from the Irvine
14 branch.

15 4. Respondent first provided notice of the intent to transact Oregon residential
16 mortgage loans from the Irvine branch on October 19, 2000 along with the required
17 licensing fee and other required information about the branch but without the surety
18 bond rider evidencing the required \$5,000 additional coverage.

19 **ULTIMATE FINDINGS OF FACT**

20 1. Respondent transacted nine mortgage loan applications regarding Oregon
21 residential real property from the Irvine branch prior to notifying the Director in writing
22 of Respondent's intent to transact business from the Irvine branch.

23 2. Respondent transacted nine mortgage loan applications regarding Oregon
24 residential real property from the Irvine branch prior to providing to the Director the
25 licensing fee, the address and location of the branch office, the branch office
26 telephone number, e-mail address, facsimile number, and the information required

1 pursuant to OAR 441-860-0020(7) regarding the branch supervisor.

2 **CONCLUSIONS OF LAW**

- 3 1. Respondent's failure to provide notice in writing to the Director prior to transacting
4 Oregon residential mortgage loans from Irvine branch is a violation of ORS
5 59.950(2).
- 6 2. Respondent's failure to provide to the Director the licensing fee, address and
7 location of the branch office, the branch office telephone number, e-mail address,
8 facsimile number, and the information required pursuant to OAR 441-860-0020(7)
9 regarding the branch supervisor prior to transacting Oregon residential loans from
10 the Irvine branch is a violation of OAR 441-860-0030.

11 **ORDER**

12 The Director, pursuant to ORS 59.996, hereby **ORDERS** StarNet Mortgage Inc.
13 to pay the State of Oregon a civil penalty of \$5,500. The civil penalty of \$5,500 is based
14 upon \$5,000 for failing to provide the written notification at least 30 days prior to opening
15 the Irvine branch and failing to provide the licensing fee and other information required
16 by OAR 441-860-0030 prior to opening the Irvine branch, \$100 for funding one loan
17 prior to the notification and \$400 for transacting eight loan applications that did not close
18 prior to the notification (\$50 per application)

19
20 Dated this 15th day of November, 2001.

21
22 
23 Gregory A. Malkasian, Acting Administrator
Division of Finance and Corporate Securities

24 NOTICE: You are entitled to judicial review of this Order. Judicial review may be
25 obtained by filing a petition for review within 60 days from the service of this Order.
26 Judicial review is pursuant to the provisions of ORS 183.482 to the Oregon Court of Appeals.