STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCE AND CORPORATE SECURITIES
ENFORCEMENT SECTION

BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

In the Matter of **CLAYBORN COLLINS,** an individual, d/b/a Collins Funding Group, Respondent.	**M-06-0011-2** **ORDER TO CEASE AND DESIST, ORDER ASSESSING CIVIL PENALTY 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") has conducted an investigation of Clayborn Collins ("Collins" or "Respondent"), and has determined that Collins has engaged in activities constituting violations of ORS 59.840 through 59.980 and 59.996 (hereinafter "the Oregon Mortgage Lender Law'); and

WHEREAS Collins wishes to resolve and settle this matter with the Director;

NOW THEREFORE, as evidenced by the authorized signatures subscribed on this Order, Collins hereby **CONSENTS** to entry of this Order upon the Director's Findings of Fact and Conclusions of Law as stated hereinafter.

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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. Clayborn Collins is an Oregon resident with a last-known residence address of 14880 SE Oregon Trail Dr., Clackamas, Oregon 97015. On March 12, 1997, Collins was convicted in Multnomah County Circuit Court of two Class C felonies.

2. Collins is the director of community services for Emmanuel Temple Church,

located at 1033 N. Sumner in Portland. The church fax telephone number is 503-287-7990. Collins also does business using the unregistered assumed business name Collins Funding Group ("Collins Funding").

3. Loansource Funding, LLC, (hereinafter "Loansource") is a Washington limited liability corporation with principal offices at 5501 NE 109th Court, Suite L, Vancouver, Washington 98662. Loansource is licensed by the Director as an Oregon residential mortgage broker, holding license number ML-2750, first issued on November 20, 2002. Loansource has licensed branch offices in Oregon and Washington. James C. Slaight ("Slaight") is the president, experienced person and control person for Loansource.

MLK Branch Office Application

4. On or about October 1, 2003, Loansource submitted a mortgage lender loan originator information form to the Division of Finance and Corporate Securities ("Division") indicating that Loansource had hired Collins as a loan originator. On the form, Collins' start date was listed as August 1, 2003. Loansource identified Collins' birth date as May 2, 1967 and the last four digits of his social security number as 9226.

5. On January 1, 2004, Oregon Laws 2003, Chapter 526, Section 3, codified as ORS 59.972, became effective as a new provision of the Mortgage Lender Law. The law requires every Oregon-licensed mortgage banker or mortgage broker to conduct a criminal record check of every individual whom the mortgage banker or mortgage broker employs or intends to employ as a loan originator. The statute also requires mortgage bankers and mortgage brokers to report to the Director the results of such criminal records checks.

6. On January 1, 2004, the Division adopted Oregon Administrative Rule ("OAR") 441-880-0050, establishing rules for the implementation and administration of criminal records checks required under ORS 59.972, and specifying categories of criminal convictions that prevent a person from being employed as a loan originator under ORS 59.971. The rule required licensees to complete criminal background checks for newly hired loan originators within thirty

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days of hire, or by April 30, 2004 for loan originators hired on or before January 1, 2004. The rule established categories of criminal convictions that disqualify a person from being employed as a loan originator, including, but not limited to, theft and falsification of records.

7. On January 14, 2004, Collins was still employed as a loan originator for Loansource as evidenced by the email he sent to Lee Proctor ("Proctor"), a Division financial examiner, using the email address claybornc@loansource.info. In the message, Collins wrote that he needed a form to register a "net branch for loansource [sic] Funding LLC." The message was signed "Clayborn Collins, Senior Loan Officer, LoanSource Funding, LLC, W 503-888-1011, F 775-261-2358."

8. On or about the same date, January 14, 2004, Loansource submitted another mortgage lender new branch application to the Division for a branch office to be opened at 4606 NE Martin Luther King Jr. Blvd. in Portland (hereinafter referred to as "the MLK Blvd. location" or "the MLK Blvd. branch office"). Collins was specified on the form as the manager of this new branch office.

9. On January 17, 2004, Slaight sent Proctor an email message asking that the Division "disregard my fax request to obtain a branch license at [the MLK Blvd. location]. Clayborn Collins has chosen to pursue a different brokerage relationship." Proctor responded, asking Slaight if Collins continued to be a loan originator for Loansource. Slaight replied that Collins was no longer a loan originator for Loansource. Slaight provided Proctor with a list of individuals who were terminated as Loansource employees effective January 16, 2004. One of the individuals listed was Collins.

10. On January 20, 2004, a memorandum was issued by the Division's then chief of licensing and registration informing all current or prospective mortgage banker or mortgage broker licensees of the new requirements for criminal background checks under ORS 59.972 and OAR 441-880-0050.

11. On July 27, 2004, Slaight wrote a letter addressed to the Division that Loansource

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would be opening a new branch office at the MLK Blvd. location. This was the same address as the withdrawn branch application submitted on January 14, 2004. Slaight advised that the branch manager, again, was to be Collins. No mortgage lender new branch application form or loan originator information form for Collins was filed at that time.

12. On August 19, 2004, the Division received a mortgage lender new branch application form from Loansource for the MLK Blvd. location. The application included a form "Section 5 – Affiliated-person information for branch manager or regional supervisor," signed by Collins and dated August 11, 2004. In the Section 5 form, Collins falsely listed his birth date as March 2, 1966 and he falsely listed his social security number as ending with the four digits 2096. Question 1 on the Section 5 form states: "In the 10 years preceding the date of this application, have you been convicted of a misdemeanor of which an essential element was fraud, or a felony?" The box marked "No" was checked.

13. On August 25, 2004, Proctor mailed Slaight a letter with a Notice of Incomplete Licensing. In this Notice, Proctor requested that Slaight clarify the identity of Collins and explain the discrepancy of Collins' birth dates and social security numbers contained in the August 2003 and August 2004 loan originator applications. Slaight did not reply.

14. On October 25, 2004, Proctor mailed Slaight another letter noting that Loansource had not replied to his earlier request for clarification. Proctor notified Loansource that the Division would consider Loansource's pending branch application for the MLK Blvd. location to be abandoned.

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Beketic Residential Property Appraisal

15. In March or April 2006, Collins ordered a real estate appraisal from Carl Royer ("Royer"), a licensed appraiser doing business as Appraisal Quick. Collins ordered an appraisal in connection with a residential loan application of Aurelia B. Beketic ("Beketic") for subject property located at 3602 SW Corbett Avenue, Portland, Oregon 97239. On the form requesting the appraisal, Collins inserted Loansource as the party requesting the appraisal and listed the cell

phone number of Deborah Roper ("Roper"), a former loan originator for Loansource, as one contact telephone number. Roper had no involvement with Beketic's loan, did not order an appraisal of the subject property, and did not give Collins permission to use her name in connection with Beketic's loan.

Williams Residential Property Appraisal

16. In March or April 2006, Collins ordered a real estate appraisal from Royer in connection with a residential loan application of Marcus J. Williams ("Williams") for subject property located at 18878 SW Bonnie Meadow Lane, Beaverton, Oregon 97006. On the form requesting the appraisal, Collins inserted Loansource as the party requesting the appraisal and listed Roper's cell phone number as one of the contact telephone numbers. Roper had no involvement with Williams' loan, did not order an appraisal of the property, and did not give Collins permission to use her name in connection with Williams' loan.

Baker Residential Property Appraisal

17. In March or April 2006, Collins ordered a real estate appraisal from Royer in connection with a residential loan application of Etta Baker ("Baker") for subject property located at 703 NE Prescott Street, Portland, Oregon 97211. On the form requesting the appraisal, Collins inserted Roper and Loansource as the parties requesting the appraisal and listed Roper's cell phone number as one of the contact telephone numbers. Collins also listed his cell phone number, 503-888-0223, as one of the contact telephone numbers for the appraisal order. Roper had no involvement with Baker's loan, did not order an appraisal of the property, and did not give Collins permission to use her name in connection with Baker's loan.

Tollefson Residential Property Appraisal

18. In March or April 2006, Collins ordered a real estate appraisal from Royer in connection with a residential loan application of Linda Tollefson ("Tollefson") for subject property located at 5020 NE 24th Avenue, Portland, Oregon 97211. On the form requesting the appraisal, Collins inserted Loansource as the party requesting the appraisal and listed Roper's

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cell phone number as one of the contact telephone numbers. Roper had no involvement with Tollefson's loan, did not order an appraisal of the property, and did not give Collins permission to use her name in connection with Tollefson's loan.

Richey Residential Property Appraisal

19. In March or April 2006, Collins ordered a real estate appraisal from Royer in connection with a residential loan application of Laura J. Richey ("Richey") for subject property located at 13455 NE Failing Street, Portland, Oregon 97230. On the form requesting the appraisal, Collins inserted Roper's name as the party requesting the appraisal and listed Roper's business affiliation as Northwest Solution Services, 1033 N. Sumner Avenue, Portland, Oregon 97217. The form also listed Roper's cell phone number as one of the contact telephone numbers.

20. On or about June 20, 2006, Collins ordered another real estate appraisal on the subject property from Dale Stuewe ("Stuewe") of Stuewe Appraisal Services, Inc. On the appraisal request, Collins again used Roper's name as the requesting party.

21. Roper had no involvement with Richey's loan, did not order either appraisal, and did not give Collins permission to use her name in connection with Richey's loan.

Keller-Yearout Residential Loan Application

22. On or before May 2006, Collins interviewed and obtained a residential mortgage loan application from Kathy Keller-Yearout ("Keller-Yearout") for property located at 16800 SE 18th Street, Vancouver, Washington 98683. Collins used the name of another former loan originator for Loansource, Deborah Walden ("Walden"), on the Keller-Yearout loan documents to falsely portray who was originating the loan. The documents misspelled Walden's name, and omitted her signature as the originating party.

23. Collins applied for an escrow account for the Keller-Yearout loan with 1st American Title Insurance Co., 16701 SE McGillvray Blvd., Suite 100, Vancouver, Washington 98683 ("1st American"), representing that the loan was to be obtained from Countrywide Home Loans. Collins was not an agent or employee for Countrywide Home Loans at the time he

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applied for the escrow account and he knew that the loan would not be obtained through Countrywide.

24. On or about March 27, 2006, Keller-Yearout paid Collins $400.00 for an appraisal of the subject property. On or about April 3, 2006, Collins ordered an appraisal of the subject property from Royer. At loan closing, Keller-Yearout informed the escrow officer, Angela J. Ashton ("Ashton") of 1st American, that she had paid Collins for the property appraisal. Ashton then called Royer's office to request an amended invoice. Ashton was told that the appraisal fee had not been paid. Collins cashed the check issued by Keller-Yearout. The appraisal fee was paid on or about May 16, 2006 by 1st American.

25. Since January 17, 2004, Collins has not been licensed in Oregon as a mortgage banker or mortgage broker pursuant to ORS 59.840 to 59.980 nor has he been an employee of any mortgage broker or mortgage banker licensed to engage in residential mortgage transactions in Oregon.

CONCLUSIONS OF LAW

The Director **CONCLUDES** that:

26. Collins violated ORS 59.930(4) by making, filing, or causing to be made or filed, with or to the Director, the August 2004 MLK Blvd. branch office application that contained false information about his birth date and social security number.

27. Collins violated ORS 59.845(1) by engaging in residential mortgage transactions related to the residential mortgage loan for Etta Baker without a license issued pursuant to ORS 59.840 to 59.980.

28. Collins violated ORS 59.845(1) by engaging in residential mortgage transactions related to the residential mortgage loan for Aurelia B. Beketic without a license issued pursuant to ORS 59.840 to 59.980.

29. Collins violated ORS 59.845(1) by engaging in residential mortgage transactions related to the residential mortgage loan for Kathy Keller-Yearout without a license issued

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pursuant to ORS 59.840 to 59.980.

30. Collins violated ORS 59.845(1) by engaging in residential mortgage transactions related to the residential mortgage loan for Laura J. Richey without a license issued pursuant to ORS 59.840 to 59.980.

31. Collins violated ORS 59.845(1) by engaging in residential mortgage transactions related to the residential mortgage loan for Linda Tollefson without a license issued pursuant to ORS 59.840 to 59.980.

32. Collins violated ORS 59.845(1) by engaging in residential mortgage transactions related to the residential mortgage loan for Marcus J. Williams without a license issued pursuant to ORS 59.840 to 59.980.

ORDER

NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:

33. Pursuant to the authority of ORS 59.885(4), the Director hereby **ORDERS** Respondent Clayborn Collins, and any successor business entity owned, operated or under the control of Collins, to **CEASE AND DESIST** from violating any provision of the Oregon Mortgage Lender Law, OAR 441-850-0005 through 441-885-0010, and any rule, order, or policy issued by the Division.

34. Pursuant to the authority of ORS 59.996, the Director hereby **ASSESSES** a **CIVIL PENALTY** in the amount of $17,500.00 (seventeen thousand five hundred dollars) against Respondent Clayborn Collins as follows:

A. $2,500.00 (two thousand five hundred dollars) for one violation of ORS 59.930(4) (making or filing, or causing to be made or filed, with or to the Director, a loan originator information form containing false information regarding the applicant's social security number); and

B. $2,500.00 (two thousand five hundred dollars) each for six violations of ORS 59.845(1) (engaging in residential mortgage transactions in this state as a mortgage banker or

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mortgage broker without being licensed under ORS 59.840 to 59.980), for a subtotal of $15,000.00 (fifteen thousand dollars).

35. The Director **SUSPENDS** payment of half of the assessed civil penalty against Respondent Collins, in the amount of $8,750.00 (eight thousand seven hundred fifty dollars), for a period of five years. If, in the five-year period following the date of the Order, Collins violates this Order, 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 Collins 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 within five years from the date of the Order, the suspended portion of the civil penalty is waived.

36. The assessed civil penalty of $8,750.00 (eight thousand seven hundred fifty dollars) shall be paid to the Division no later than 5 pm, Tuesday, May 15, 2007. The payment shall be in the form of a cashier's check or money order for the full amount made out to the order of the Department of Consumer and Business Services. The case number shall be written on the check. The check and a copy of the first page of this Order shall be mailed or delivered to the following address:

Division of Finance & Corporate Securities
Enforcement Section
350 Winter Street NE, Room 410
Salem OR 97301-3881

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37. Failure of Respondent Collins to pay the assessed portion of the civil penalty by the date specified in this Order will be considered a violation of the Order and the entire civil penalty of $17,500.00 (seventeen thousand five hundred dollars) will become immediately due and payable.

38. Respondent Collins agrees to provide his full cooperation and assistance to the Director in any further investigations of allegations of the Mortgage Lender Law arising from or

related to this matter.

39. The date of this Order is the day the Director signs the Order.

40. The entry of this Order in no way limits further remedies which may be available to the Director under Oregon law.

Dated this 28th day of March, 2007, at Salem, Oregon.

CORY STREISINGER, Director
Department of Consumer and Business Services

David Tatman

David C. Tatman, Administrator
Division of Finance and Corporate Securities

CONSENT TO ENTRY OF ORDER

I, Clayborn Collins, state that I am a resident of the State of Oregon, that I have read the foregoing Order and that I know and fully understand the contents hereof; that I execute this Consent as a settlement of the matter referred to in the Order; that I have been advised of my right to a hearing, and that I have the right to be represented by counsel in this matter; that I voluntarily consent to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter; that 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; and that I will fully comply with the terms and conditions stated herein.

I further assure the Director that I will not engage in the activities of a securities broker-dealer, investment adviser, or mortgage broker, or act as a salesperson for any of these unless such activities are in full compliance with Chapter 59 of the Oregon Revised Statutes.

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I understand that this Consent Order is a public document.

Dated this 15 day of March, 2007.

Clayborn Collins

SUBSCRIBED AND SWORN to before me this 20 day of ~~Feb~~ March, ~~2007~~ 2007.

Signature of Notary Public

Notary Public for the State of: Oregon

My commission expires: Feb 2, 2008

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OFFICIAL SEAL
VIVEK SIDDHU
NOTARY PUBLIC - OREGON
COMMISSION NO. 376961
MY COMMISSION EXPIRES FEB. 2, 2008

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