

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

BEFORE THE DIRECTOR OF THE DEPARTMENT
OF CONSUMER AND BUSINESS SERVICES

In the Matter of:

M-07-0046

PACIFIC CREST FUNDING LLC,
dba PACIFIC CREST HOME LOANS

FINAL ORDER TO CEASE AND DESIST,
ORDER ASSESSING CIVIL PENALTIES
AND
CONSENT TO ENTRY OF ORDER

Respondent.

WHEREAS the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter "the Director") conducted an investigation of Pacific Crest Funding LLC (hereinafter "Pacific Crest") and determined that Pacific Crest engaged in activities constituting violations of ORS 59.840 *et seq.* (hereinafter cited as the "Oregon Mortgage Lender Law"); and

WHEREAS Pacific Crest wishes to resolve and settle this matter with the Director,

NOW THEREFORE, as evidenced by the authorized signature subscribed on this order, Pacific Crest 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. Pacific Crest is an Oregon domestic limited liability company registered on April 12, 2004. Dean Schmidt (hereinafter "Schmidt") and David Kammerer (hereinafter "Kammerer") are registered loan originators and joint owners of Pacific Crest.
2. Pacific Crest's principal place of business is located at 44 Club Rd Ste 330, Eugene, OR



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1 97401. Pacific Crest has one registered branch office located at 566 Main Street, Lebanon, OR
2 97355.


3 3. On July 14, 2004, the Director issued a license to engage in Oregon residential mortgage
4 transactions to Pacific Crest (ML-3307). This license has been continuously renewed and expires
5 on July 14, 2009.

6 4. Anna Mahony (hereinafter "Mahony"), an examiner in the Mortgage Lending section of
7 the Division of Finance and Corporate Securities (hereinafter "the Division"), conducted a
8 mortgage lender examination of Pacific Crest on or about April 24, 2006.

9 5. The examination revealed that Schmidt failed to complete the continuing education
10 requirement for loan originators. Pursuant to the examination, Mahony reviewed Pacific Crest
11 personnel information that indicated Schmidt qualified as an experienced loan originator.

12 6. Experienced loan originators are required to take a continuing education course, receive a
13 certificate of completion for the course and submit the certificate to the Division. The deadline
14 for Schmidt, as an experienced loan originator, to complete his continuing education requirement
15 was January 31, 2006.

16 7. Since Schmidt did not complete this continuing education requirement by the deadline, he
17 was then required to complete the entry-level education requirement as well. The entry-level
18 requirement includes taking and passing an entry-level course and exam and receiving a
19 certificate of completion.

20 8. On or about May 5, 2006, the Division sent a letter to Pacific Crest detailing the
21 examination findings, including Schmidt's failure to complete the continuing education 
22 requirement. Kammerer submitted a written response to the Division in May 2006 stating that
23 Schmidt would complete 20 hours of continuing education and 20 hours of entry-level education.
24 Kammerer also gave assurances that Schmidt would not originate loans until he completed the
25 education requirement.

26 9. In late 2006, Timothy Spencer (hereinafter "Spencer"), an examiner in the Mortgage



1 Lending section of the Division, visited Pacific Crest's principal office and requested verification
2 that Schmidt completed his entry-level and continuing education requirements. Schmidt admitted
3 to Spencer he had not completed either education requirement and continued to originate
4 mortgage loans.

5 10. The Division requested a list of loans Schmidt originated or had involvement with since
6 the January 31, 2006 deadline. On or about April 11, 2007, Schmidt submitted this list to the
7 Division. From January 31, 2006 through April 11, 2007, Schmidt originated 62 mortgage loan
8 transactions.

9 11. The Division received a ProSchools certificate of completion indicating that Schmidt
10 completed a continuing education course (C-060106-172) in fulfillment of the continuing
11 education requirement on or about November 21, 2006.

12 12. On or about June 26, 2007, Schmidt submitted his entry-level certificate of completion to
13 Spencer. On or about June 27, 2007, the Division received verification from ProSchools that,
14 from November 2006-June 2007, Schmidt took an entry-level mortgage lending course and an
15 exam.

16 **CONCLUSIONS OF LAW**

17 The Director **CONCLUDES** that:

18 1. By failing to complete the continuing education requirement for loan originators by
19 January 31, 2006, Schmidt failed to meet the training, education or continuing education
20 requirements in violation of **ORS 59.971(1)(d)**.

21 2. Pacific Crest failed to supervise diligently and control the mortgage-related activities of
22 loan originator Dean Schmidt when Schmidt failed to complete the educational requirements for
23 experienced loan originators by January 31, 2006 while continuing to originate loans, in violation
24 of **ORS 59.865(15)**.

25 3. Pacific Crest *repeatedly* failed to supervise or control the mortgage-related activities of
26 loan originator Dean Schmidt, in violation of **ORS 59.865(15)**, when:



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- 1 a. Pacific Crest was warned through the mortgage examination report on May 5,
2 2006, that Schmidt had not completed his education requirement by the deadline,
3 January 31, 2006, and Schmidt did not take steps to complete his education
4 requirement;
- 5 b. Kammerer assured the Director that Schmidt was working toward completing the
6 education requirements and would not originate loans until the education
7 requirements were completed, and Schmidt continued to originate loans before
8 completing the education requirements; and
- 9 c. Pacific Crest was warned by Spencer in late 2006 that Schmidt needed to complete
10 the education requirements and Schmidt still did not complete the requirements.

11 The repeated failure to comply with **ORS 59.865(3)** constitutes a violation of **ORS 59.865(15)**.

12 **ORDER**

13 The Director, pursuant to **ORS 59.885(4)** hereby **ORDERS** that Pacific Crest will
14 **CEASE AND DESIST** from violating any provision of the Oregon Mortgage Lender
15 Law, and any rules, order or policy issued by the Division.

16 The Director, pursuant to **ORS 59.996(2)**, hereby **ORDERS** Pacific Crest to pay the State
17 of Oregon a civil penalty of \$20,000. The civil penalty is based upon \$5,000 for the violation of
18 **ORS 59.865(15)**, and \$15,000 for the repeated violation of **ORS 59.865(15)**, after numerous
19 warnings, pursuant to **ORS 59.865(3)**.

20 For the civil penalty assigned to Pacific Crest, the Director suspends payment of \$10,000
21 for a four-year period. If in the period between the date of the order to four years from the date of
22 the order, Respondent violates any provision of the Oregon Mortgage Lender Law or any rule,
23 order or policy issued by the Director, the suspended portion of the assessed civil penalty will
24 become immediately due and payable. If Respondent does not violate the Oregon Mortgage
25 Lender Law, or any rule, order or policy issued by the Director in four years from the date of the
26 order, the suspended portion of the civil penalty is waived.

1 The remaining \$10,000 civil penalty may be made in several installments and must be
2 paid in full by August 11, 2008.

3 The date of this order is the day the Director or Director's nominee signs the order. The
4 entry of this order in no way limits further remedies which may be available to the Director under
5 Oregon law.

6 The date of this order is the day the Director or Director's nominee signed the order. The
7 entry of this Order in no way limited further remedies which may be available to the Director
8 under Oregon law.

9
10 Dated this 4th day of June 2008 at Salem, Oregon.

11 CORY STREISINGER, Director

12 Department of Consumer and Business Services

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15 David C. Tatman, Administrator

16 Division of Finance and Corporate Securities

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CORPORATE CONSENT TO ENTRY OF ORDER

I, David Kammerer, state that I am an officer of Respondent Pacific Crest, 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 I and this entity have been advised of the right to a hearing and of the right to be represented by counsel in this matter; that Respondent voluntarily and without any force or duress, consents to the entry of this Order, expressly waiving any right to a hearing in this matter; that Respondent understands that the Director reserves the right to take further actions to enforce this Order or to take appropriate action upon discover of other violations of the Oregon Mortgage Lender Law; and that Respondent will fully comply with the terms and conditions stated herein.

Respondent further assures the Director that neither Respondent, nor its officers, directors, employees or agents will effect mortgage transactions in Oregon unless such activities are in full compliance with the Oregon unless such activities are in full compliance with the Oregon Mortgage Lender Law.

Respondent understands that this Consent Order is a public document.

Dated this 23 day of May 2008

By Jared [Signature]
Owner / partner
(Office held)

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[Signature]

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CORPORATE ACKNOWLEDGMENT

There appeared before me this 23 day of May 2008 who was first duly sworn on oath, and stated that he was and is an officer of Respondent and that he is authorized and empowered to sign this Consent to Entry of Order on behalf of Respondent, and to bind Respondent to the terms hereof .



Shanna Bitikofe
Notary Public for the State of Oregon
My commission expires: 11-14-2009

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