



1 "Lighthouse") is a Washington corporation. Sheldon Harmon, 4001 Main St. Vancouver,
2 Washington, 98663, is President, Experienced Person and the sole owner of Lighthouse.

3 2. Lighthouse has been continuously licensed to engage in Oregon residential
4 mortgage transactions since the Director first issued Lighthouse a license on April 15, 2002.
5 Lighthouse's license is currently set to expire on April 15, 2009.

6 3. Lighthouse was licensed to engage in Oregon residential mortgage transactions
7 from the principal location of 101 E. 8th Street, Suite 240 in Vancouver Washington 98665 from
8 April 15, 2002 through June 1, 2006. Lighthouse was then licensed to operate from its present
9 principal location at 4001 Main Street in Vancouver, Washington, 98663 from June 1, 2006 to
10 the present. The Director has not issued Lighthouse a license to engage in Oregon residential
11 mortgage transactions from any other principal locations.

12 4. Based upon notice and application received from Lighthouse, the Director issued
13 branch licenses to Lighthouse to engage in Oregon residential transactions from branch locations
14 at: 1) 7017 N.E. Highway 99, Suite 205, Vancouver, Washington, 98665 from June 1, 2006
15 through February 25, 2007, 2) 106 S. River Street, Enterprise, Oregon, 97828 from August 9,
16 2006 through June 5, 2007, 3) 19307 N.E. Davis Road, Brush Prairie, Washington, 98606 from
17 February 14, 2007 through March 8, 2007, 4) 425 N.E. Jackson Street #B in Hillsboro, Oregon,
18 97124 from February 14, 2007 through the present, 5) 19995 S.W. Stafford Road, Suite C, West
19 Linn, Oregon, 97068 from February 14, 2007 through September 10, 2007 then 6090 S.W. Port
20 Orford Street, Tualatin, Oregon, 97062 from September 10, 2007 through September 24, 2008
21 then 8225 S.W. Shenandoah Way, Tualatin, Oregon 97062 from September 24, 2008 through the
22 present, 6) 3312 E. Fourth Plain Boulevard, Vancouver, Washington, 98661 from April 2, 2007
23 through January 7, 2008, 7) 3040 Commercial Street S.E. #300, Salem, Oregon 97602 from
24 March 5, 2008 through the present, 8) 10908 N.E. 359TH Street, La Center, Washington 98629
25 from March 6, 2008, to March 26, 2008 then 1818 S.E. Mill Plain Boulevard #106, Vancouver,



1 Washington, from March 26, 2008 through the present, 9) 1925 Belmont Loop #200, Woodland,
2 Washington, 98674 from April 9, 2008 to July 8, 2008 then 2038 E Street, Washougal,
3 Washington, 98671, from July 8, 2008 through October 15, 2008, 10) 14523 West Lake Drive,
4 Suite 20, Lake Oswego, Oregon, 97035 from April 23, 2008 through the present, and 11) 10260
5 S.W. Greenburg Road, Suite 422, Portland, Oregon, 97223, from May 7, 2008 through
6 September 24, 2008. The Director has not issued Lighthouse a license to engage in Oregon
7 residential mortgage transactions from any other branch locations.

8 5. On September 14, 2005, a DFCS Investigator and Examiner met with Lighthouse's
9 owner Sheldon Harmon following the review of several complaints filed by Oregon consumers.
10 During that meeting, Sheldon Harmon was advised of deficiencies that had been noted during the
11 review and was instructed regarding the requirements: 1) to report the hire or termination of a
12 loan originator to the Director within 30 days following the event, 2) to license branch locations,
13 3) to complete loan documents as required by state and federal mortgage-lending laws, and 4) to
14 supervise loan originators.

15 6. On May 11, 2006, a DFCS Examiner completed an examination of Lighthouse
16 (hereinafter "the 2006 Examination"). Lighthouse received the lowest possible score of 5, or
17 poor. The 2006 Examination revealed deficiencies, including: 1) failing to report the hire or
18 termination of loan originators within 30 days of the event, 2) missing or unavailable loan
19 originator personnel files, 3) employing loan originators that have failed to complete required
20 education, 4) failing to obtain criminal records checks compliant with the requirements, 5)
21 employing loan originators that have disqualifying criminal convictions without obtaining a "no-
22 action" letter, 6) failing to provide notice of and obtaining licenses for branch locations, 7)
23 failing to maintain the final credit report in the borrower files, 8) failing to maintain a completed
24 interest rate lock or float agreement in borrower files, 9) failing to maintain a good faith estimate
25 in the borrower files, 10) allowing borrowers to sign blank documents and 11) submitting



1 documents containing false signatures. Lighthouse was notified of the deficiencies and directed
2 to correct them.

3 **A. Unlicensed branch activity**

4 7. On June 28, 2004, Vorachith "Jack" Khamphouvong (hereinafter
5 "Khamphouvong") rented commercial office space located at 334A, 334B, and 334C SE 82nd
6 Avenue in Portland, Oregon, 97216 (hereinafter "82nd Branch").

7 8. On October 14, 2004, Khamphouvong submitted a broker demand to Fidelity
8 National Title Company of Oregon (hereinafter "Fidelity") seeking payment of fees for the
9 origination of a loan for borrower J.C. under Lighthouse's name listing the 82nd Branch.

10 9. On October 18, 2004, Fidelity issued check number 115940 in the amount of
11 \$3,846.61 payable to Lighthouse at the 82nd Branch representing compensation for services
12 originating a loan secured by Oregon residential property for borrower J.C.

13 10. On October 19, 2004, Victoria Nakamura submitted an Appraisal Order Form on
14 behalf of Lighthouse listing the 82nd Branch to order an appraisal for borrower G.N.

15 11. On October 26, 2004, Weiss Appraisal sent an invoice for appraisal services
16 rendered in connection with a loan transaction for borrower G.N. to Lighthouse at the 82nd
17 Branch.

18 12. On November 12, 2004, appraiser Sarah Dubois completed an appraisal of
19 residential real property located in Vancouver, Washington to support a mortgage loan
20 application and sent the appraisal and invoice to Lighthouse at the 82nd Branch.

21 13. On November 22, 2004, Daisy Juarez, a loan processor for Khamphouvong sent an
22 facsimile listing 82nd Branch to "Mr. Dan" regarding "Your loan / Cheyiam Naphaporn"
23 containing instructions on the completion of a Verification of Rent, including "It is information
24 the lender needs. Don't disclose that the landlord is a cousin, so on the bottom of page where it
25 says 'TITLE' put in 'landlord.'"



1 14. On January 28, 2005, First American Title Insurance Company of Oregon
2 (hereinafter "FATCO") sent Lighthouse at the 82nd Branch a final HUD-1 and check for
3 \$4,837.50 in connection with a residential mortgage loan for K.K. and A.K. secured by property
4 located in Fairview, Oregon.

5 15. On June 1, 2005, appraiser Traynor L. Daline of Metro Appraisal, Inc. completed
6 an appraisal of residential real property located in Portland, Oregon to support a mortgage loan
7 application and sent the appraisal and invoice to Lighthouse at the 82nd Branch.

8 16. On August 25, 2005, a DFCS Investigator and Examiner visited the 82nd Branch.
9 They observed signs identifying the offices as belonging to Lighthouse on the mailbox and door.
10 The offices contained files, documents, and other writings indicating that Oregon residential
11 mortgage transactions were being transacted from the 82nd Branch.

12 17. Lighthouse did not provide the Director with written notice that it intended to
13 transact business at the 82nd Branch at any time nor did Lighthouse submit the licensing fee for
14 the 82nd Branch.

15 **B. Failure to notify Director of the hire of loan originators**

16 18. Lighthouse notified the Director it had employed Khamphouvong as a loan
17 originator for the company from May 29, 2005 through September 19, 2005.

18 19. Lighthouse's employee personnel file for Khamphouvong contains a
19 Notice/Authorization and Release for the Procurement of a Consumer and/or Investigative
20 Consumer Report signed by Khamphouvong on January 21, 2005.

21 20. In response to a request by a DFCS Investigator, Lighthouse provided a "Vendor
22 QuickReport" listing payments made by Lighthouse to Khamphouvong for loan origination
23 services. That report indicates that Lighthouse made 19 payments to Khamphouvong between
24 August 18, 2004 and May 23, 2005, prior to providing notice that Khamphouvong was
25 originating loans for Lighthouse.



1 21. The 2006 Examination revealed that Kamau Herndon originated an Oregon
2 residential mortgage loan on behalf of Lighthouse on March 15, 2006. Lighthouse did not
3 provide notice that it hired Kamau Herndon as a loan originator until May 10, 2006.

4 22. At the request of a DFCS Investigator, on or about April 24, 2007, Lighthouse
5 provided a list of all loans originated by Lighthouse between January 1, 2005 and April 24, 2007
6 (hereinafter "the Pipeline"). The Pipeline was then sorted to list loans originated by each loan
7 originator.

8 23. The Pipeline revealed that Jonathan Garnes took at least one application for an
9 Oregon residential mortgage loans on behalf of Lighthouse prior to March 6, 2006. Lighthouse
10 did not provide notice that it hired Jonathan Garnes as a loan originator until April 6, 2006.

11 24. The Pipeline revealed that Randy Proffitt took applications for eleven Oregon
12 residential mortgage loans on behalf of Lighthouse between March 7, 2005 and July 26, 2005.
13 Lighthouse did not provide notice that it hired Randy Proffitt as a loan originator until September
14 1, 2005.

15 **C. Failure to conduct criminal records checks on Oregon Loan Originators**

16 *C1. No report for Oregon loan originators employed prior to January 1, 2004*

17 25. Lighthouse notified the Director that it employed Travis Labrum as a loan
18 originator on May 1, 2001. Lighthouse did not conduct a criminal records check for Travis
19 Labrum until July 6, 2005.

20 26. Lighthouse notified the Director that it employed Sheldon Harmon as a loan
21 originator on June 1, 2001. Lighthouse did not conduct a criminal records check for Sheldon
22 Harmon until May 11, 2006.

23 27. Lighthouse notified the Director that it employed Michael Marshall as a loan
24 originator on July 1, 2001. Lighthouse did not conduct a criminal records check for Michael
25 Marshal until October 19, 2005.



1 28 . Lighthouse notified the Director that it employed Amy Jackson as a loan originator
2 on March 1, 2003. Lighthouse did not conduct a criminal records check for Amy Jackson until
3 May 19, 2004.

4 29 . Lighthouse notified the Director that it employed Yelena Pukay on October 1,
5 2003. Lighthouse did not conduct a criminal records check for Yelena Pukay until January 5,
6 2005.

7 30 . Lighthouse notified the Director that it employed Alex Murgueitio on December 1,
8 2003. Lighthouse did not conduct a criminal records check for Alex Murgueitio until April 27,
9 2006.

10 *C2. No report for Oregon loan originators employed after January 1, 2004*

11 31 . Lighthouse notified the Director that it employed Douglas Thomas as a loan
12 originator on February 1, 2004. Lighthouse did not conduct a criminal records check for
13 Douglas Thomas until January 11, 2006, after it had hired him as a loan originator.

14 32 . Lighthouse notified the Director that it employed Melissa Ingalls as a loan
15 originator on December 1, 2004. Lighthouse did not conduct a criminal records check for
16 Melissa Ingalls until January 20, 2005, after it had hired her as a loan originator.

17 33 . Lighthouse notified the Director that it employed Paul Tavera as a loan originator
18 on January 9, 2005. Lighthouse did not conduct a criminal records check for Paul Tavera until
19 July 15, 2005, after it had hired him as a loan originator.

20 34 . Lighthouse notified the Director that it employed Bryan Snyder as a loan originator
21 on May 19, 2005. Lighthouse did not conduct a criminal records check for Bryan Snyder until
22 June 8, 2005, after it had hired him as a loan originator.

23 35 . Lighthouse notified the Director that it employed Brian Henderson as a loan
24 originator on May 20, 2005. Lighthouse did not conduct a criminal records check for Brian
25 Henderson until June 7, 2005, after it had hired him as a loan originator.



1 36. Lighthouse notified the Director that it employed Josh Munk as a loan originator on
2 May 30, 2005. Lighthouse did not conduct a criminal records check for Josh Munk until
3 September 2, 2005, after it had hired him as a loan originator.

4 37. Lighthouse notified the Director that it employed Nile Plouffe as a loan originator
5 on May 31, 2005. Lighthouse did not conduct a criminal records check for Nile Plouffe until
6 June 21, 2005, after it had hired him as a loan originator.

7 38. Lighthouse notified the Director that it employed Vicky Smith as a loan originator
8 on October 3, 2005. Lighthouse did not conduct a criminal records check for Vicky Smith until
9 October 6, 2005, after it had hired her as a loan originator.

10 39. Lighthouse notified the Director that it employed Chadwick Amsden as a loan
11 originator on April 1, 2006. Lighthouse had not conducted a criminal records check for
12 Chadwick Amsden as of May 11, 2006, after it had hired him as a loan originator.

13 **D. Employing Oregon loan originators with disqualifying convictions**

14 *DI. Failure to disclose Oregon loan originators disqualifying conviction(s)*

15 40. Lighthouse notified the Director that it employed Shan Harmon, the brother of
16 Sheldon Harmon, the owner of Lighthouse, as a loan originator on August 16, 2001. Shan
17 Harmon was convicted of Criminal Driving While Suspended, a felony, on August 22, 1994 in
18 Wasco County case number CR9400181. Lighthouse conducted a criminal records check for
19 Shan Harmon on April 15, 2004. Lighthouse never notified the Director that Shan Harmon had
20 a disqualifying conviction and never requested a "no-action" letter for Shan Harmon.

21 Lighthouse did not terminate Shan Harmon as a loan originator until August 16, 2006.

22 41. Lighthouse notified the Director that it employed Joshua P. Munk as a loan
23 originator on May 30, 2005. Joshua P. Munk was convicted of Unauthorized Use of a Motor
24 Vehicle, a felony, on November 20, 1996 in Washington County case number C952753CR.
25 Joshua P. Munk was subsequently convicted of Delivery of a Controlled Substance, a felony, on



1 February 20, 2002 in Benton County case number CM0121015. Lighthouse obtained a criminal
2 records check for Joshua P. Munk on September 2, 2005. Lighthouse did not notify the Director
3 that Joshua P. Munk had a disqualifying conviction nor did Lighthouse request a “no-action”
4 letter. Lighthouse continued to employ Joshua P. Munk as a loan originator until June 27, 2008.

5 42. Lighthouse notified the Director that it employed John E. Peterson as a loan
6 originator on June 2, 2005. John E. Peterson was convicted of Failure to Appear in the First
7 Degree, a felony, on October 3, 1996 in Washington County case number C960558C. John E.
8 Peterson was subsequently convicted of Unauthorized Use of a Motor Vehicle, a felony, on
9 November 20, 1996 in Washington County case number C960557CR. Lighthouse obtained a
10 criminal records check for John E. Peterson on March 29, 2004. Lighthouse did not notify the
11 Director that John E. Peterson had a disqualifying conviction nor did Lighthouse request a “no-
12 action” letter. Lighthouse continued to employ John E. Peterson as a loan originator until April
13 17, 2007.

14 *D2. Retaining or hiring Oregon loan originators with disqualifying convictions*

15 43. Lighthouse notified the Director that it employed Christopher Hlavac as a loan
16 originator on September 1, 2003. Christopher Hlavac was convicted of Attempted Use of a
17 Dangerous Weapon, a felony, on October 19, 1994 in Multnomah County case number
18 940432209. Lighthouse never notified the Director that Christopher Hlavac had a disqualifying
19 conviction and never requested a “no-action” letter. Lighthouse did not terminate Christopher
20 Hlavac as a loan originator until February 15, 2005.

21 44. Lighthouse then notified the Director that it re-hired Christopher Hlavac as a loan
22 originator on April 15, 2006 and terminated him again on December 30, 2006, also without
23 notifying the Director of Christopher Hlavac’s disqualifying conviction or requesting a “no-
24 action” letter.

25 45. Lighthouse notified the Director that it employed Dante Jones as a loan originator



1 on May 22, 2006. Dante Jones was convicted of Attempted Use of a Dangerous Weapon, a
2 felony, on January 10, 2006 in Multnomah County case number 050834938. Lighthouse did not
3 notify the Director that Dante Jones had a disqualifying conviction nor did Lighthouse request a
4 “no-action” letter. Lighthouse continued to employ Dante Jones until April 17, 2007.

5 46. Lighthouse notified the Director that it employed Chadwick Amsden as a loan
6 originator on April 1, 2006. Chadwick Amsden was convicted of Theft in the Second Degree, a
7 misdemeanor, on February 26, 2001 in Clackamas County case number CR0110140. Lighthouse
8 did not notify the Director that he had a disqualifying conviction until January 2, 2008 when
9 Sheldon Harmon requested a “no-action” letter. Lighthouse continued to employ Chadwick
10 Amsden as a loan originator until January 2, 2009.

11 47. Lighthouse notified the Director that it employed Kevin Bailey as a loan originator
12 on October 1, 2003. Kevin Bailey was convicted of Failure to Register as a Sex Offender, a
13 felony, on September 20, 2006, in Clackamas County case number CR0600836. Lighthouse
14 continued to employ Kevin Bailey as a loan originator until January 27, 2007.

15 **E. Willful employment of loan originators with disqualifying convictions**

16 48. On July 27, 2006, the Director mailed Lighthouse the results of the 2006
17 Examination that notified Lighthouse that it employed four loan originators, Shan Harmon, Amy
18 Jackson, John Peterson and Nils Rognlien who each had a disqualifying conviction yet
19 Lighthouse had not requested a “no-action” letter. The 2006 Examination directed Lighthouse to
20 terminate these loan originators until Lighthouse received a “no-action” letter.

21 49. Lighthouse terminated Shan Harmon as a loan originator on August 16, 2006.

22 50. Lighthouse did not request or receive a “no-action” letter for John Peterson
23 following the 2006 Examination. Lighthouse did not terminate John Peterson as a loan
24 originator until April 17, 2007, more than eight months after being instructed by the Director to
25 terminate the loan originator. John Peterson took at least three loan applications for Lighthouse



1 between August 1, 2006 and April 17, 2007.

2 51. Lighthouse did not request or receive a "no-action" letter for Amy Jackson
3 following the 2006 Examination. Lighthouse did not terminate Amy Jackson as a loan originator
4 until June 5, 2007, more than ten months after being instructed by the Director to terminate the
5 loan originator. Amy Jackson took at least 30 loan applications for Lighthouse between August
6 1, 2006 and June 5, 2007.

7 52. Lighthouse did not request or receive a "no-action" letter for Nils Rognlien
8 following the 2006 Examination. Lighthouse did not terminate Nils Rognlien as a loan
9 originator until April 18, 2007, more than eighteen months after being instructed by Director to
10 terminate the loan originator. Nils Rognlien took at least three loan applications for Lighthouse
11 between August 1, 2006 and April 18, 2007.

12 **F. Education violations**

13 *F1. Entry-level education*

14 53. Lighthouse notified the Director that it had employed Carlos Perez as a loan
15 originator on June 5, 2005. Carlos Perez has a notification date of June 5, 2005 and did not have
16 three years of loan originator experience prior to January 1, 2002.

17 54. A DFCS Examiner reviewed Lighthouse's personnel file for Carlos Perez during
18 the 2006 Examination. The file did not contain any completion certificates demonstrating that
19 Carlos Perez had completed 20 hours of entry-level education between June 5, 2005 and
20 December 5, 2005.

21 55. Lighthouse continued to employ Carlos Perez as a loan originator after December
22 5, 2005. Lighthouse terminated Carlos Perez on April 17, 2007.

23 56. Lighthouse notified the Director that it employed Vince Devito as a loan originator
24 on September 1, 2003. Vince Devito has a notification date of October 10, 2003 and did not
25 have three years of loan originator experience prior to January 1, 2002.



1 57. A DFCS Examiner reviewed Lighthouse's personnel file for Vince Devito during
2 the 2006 Examination. The file did not contain any completion certificates demonstrating that
3 Vince Devito had completed 20 hours of entry-level education by April 5, 2005.

4 58. Lighthouse continued to employ Vince Devito as a loan originator after April 5,
5 2005. Lighthouse terminated Vince Devito on April 17, 2007.

6 59. Lighthouse notified the Director that it employed Nile Plouffe as a loan originator
7 on May 31, 2005.

8 60. Nile Plouffe has a notification date of May 31, 2005 and did not have three years of
9 loan originator experience prior to January 1, 2002.

10 61. A DFCS Examiner reviewed Lighthouse's personnel file for Nile Plouffe during
11 the 2006 Examination. The file did not contain any completion certificates demonstrating that
12 Nile Plouffe had completed 20 hours of entry-level education by November 30, 2005.

13 62. Lighthouse continued to employ Nile Plouffe as a loan originator after November
14 30, 2005. Lighthouse terminated Nile Plouffe on August 16, 2006.

15 *F2. Continuing education*

16 63. Lighthouse notified the Director that it employed Shan Harmon as a loan originator
17 on August 16, 2001. Shan Harmon has a notification date of April 1, 2002.

18 64. A DFCS Examiner reviewed Lighthouse's personnel file for Shan Harmon during
19 the 2006 Examination. The file did not contain any completion certificates demonstrating that
20 Shan Harmon had completed 20 hours of continuing education between April 1, 2004 and April
21 1, 2006.

22 65. Lighthouse continued to employ Shan Harmon as a loan originator after April 1,
23 2006. Lighthouse terminated Shan Harmon as a loan originator on August 16, 2006.

24 66. Lighthouse notified the Director that it had employed Michael Marshall as a loan
25 originator on July 1, 2001. Michael Marshall has a notification date of April 1, 2002.



1 67. A DFCS Examiner reviewed Lighthouse's personnel file for Michael Marshall
2 during the 2006 Examination. The file did not contain any completion certificates demonstrating
3 that Michael Marshall had completed 20 hours of continuing education between April 1, 2004
4 and April 1, 2006.

5 68. Lighthouse continued to employ Michael Marshall as a loan originator after April
6 1, 2006. Lighthouse terminated Michael Marshall as a loan originator on August 16, 2006.

7 69. Lighthouse notified the Director that it had employed Mark Scott as a loan
8 originator on August 1, 2000. Mark Scott has a notification date of April 1, 2002.

9 70. A DFCS Examiner reviewed Lighthouse's personnel file for Mark Scott during the
10 2006 Examination. The file did not contain any completion certificates demonstrating that Mark
11 Scott had completed 20 hours of continuing education between April 1, 2004 and April 1, 2006.

12 71. Lighthouse continued to employ Mark Scott as a loan originator after April 1, 2006
13 such that Mark Scott took at least four residential mortgage loan applications for Lighthouse
14 after April 1, 2006.

15 **G. Books and Records Violations**

16 *G1. Personnel files*

17 72. During the 2006 Examination, Lighthouse was unable to produce personnel files
18 for loan originators Melinda Hiday, Daniel Kurth, and Ed Lathrop.

19 *G2. Borrower files*

20 73. As part of the review of Lighthouse's business operations, a DFCS Investigator
21 provided Lighthouse a list of 100 borrower files and directed Lighthouse to produce those files
22 for examination. The list of 100 borrower files represented a selection of loans listed in
23 Lighthouse's internal records or from records of escrow transactions involving loans obtained
24 through Lighthouse. Lighthouse was unable to locate, and therefore produce, at least 22
25 requested borrower files.



1 *G3. Executed loan application*

2 74 . The 2006 Examination revealed that Lighthouse's files for borrowers G.N., C.D.,
3 A.P. and T.L. do not contain a borrower executed loan application.

4 *G4. Lock or float agreement*

5 75 . The 2006 Examination revealed that Lighthouse's first and second mortgage
6 borrower files for T.F. contained a lock agreement that listed the wrong property address.

7 76 . The 2006 Examination revealed that Lighthouse's second mortgage borrower file
8 for T.P. did not contain a lock agreement.

9 77 . The 2006 Examination revealed that the lock agreements in Lighthouse's first and
10 second mortgage borrower files for C.K. and D.B. were signed by the borrowers but were blank.

11 *G5. Good faith estimate*

12 78 . The 2006 Examination revealed that the GFE in the second mortgage borrower file
13 for C.K. did not disclose that the broker would receive a yield spread premium, or YSP.
14 However, the HUD-1 shows that the broker did receive a YSP.

15 *G6. Credit report*

16 79 . The 2006 Examination revealed that Lighthouse failed to maintain a copy of the
17 borrower's credit report in the borrower file for K.A. and the first and second mortgage borrower
18 file for T.P.

19 *G7. Truth in Lending Disclosure*

20 80 . The 2006 Examination revealed that Lighthouse obtained a second mortgage for
21 C.B. that contained a demand feature. However the Truth in Lending disclosure, or TIL,
22 contained in the second mortgage file for C.B. did not disclose that the loan had a demand
23 feature.

24 81 . The 2006 Examination revealed that Lighthouse obtained a second mortgage for
25 T.K. that contained a demand feature. However the TIL contained in the second mortgage file



1 for T.K. did not disclose that the loan had a demand feature.

2 **H. Unethical acts**

3 *H1. N.C. transaction*

4 82. Lighthouse, through loan originator Khamphouvong, originated an Oregon
5 residential mortgage loan for N.C. Lighthouse's borrower file for N.C., contained a facsimile
6 with instructions on the completion of a Verification of Rent, including "It is information the
7 lender needs. Don't disclose that the landlord is a cousin, so on the bottom of page where it says
8 'TITLE' put in 'landlord.'"

9 83. Lighthouse knew that that the Verification of Rent would be submitted to the lender
10 and that the lender would question a form completed by a relative.

11 *H2. T.P. transaction*

12 84. On March 31, 2006, T.P. obtained two mortgage loans based upon applications
13 submitted to the lender by Lighthouse's loan originator, Kamau Herndon.

14 85. The applications Lighthouse submitted to the lender falsely stated that T.P. was
15 employed by Toran Investments, Inc. earning \$7,000 per month. The lender requested
16 supporting documentation including T.P.'s W-2s. The lender was then faxed two W-2's which
17 stated that T.P. was employed by Toran Investments, Inc. earning over \$7,000 per month.
18 Lighthouse knew that the prospective lender would rely upon the application. Lighthouse knew
19 the information contained in the application was false because Lighthouse's file contained a
20 document showing that T.P. was employed by Washington County.

21 **I. Failure to Supervise**

22 86. Lighthouse reviews every loan file using a "Compliance Checklist" it developed.
23 The checklist does not include a review to determine if 1) the file contains a borrower executed
24 loan application, Authorization to Release Credit Information and interest rate lock or float
25 agreement, 2) the rate lock or float agreement contains the required information, 3) the loan

1 originator is registered with the state of Oregon, 4) the loan was originated from a licensed
2 branch location, 5) the good faith estimate and Truth in Lending disclosure were provided to the
3 borrower in the required period of time, 6) that the borrower was provided with a privacy policy
4 and 7) the file contained any signed blank documents.

5 CONCLUSIONS OF LAW

6 The Director **CONCLUDES** that:

7 **A. Lighthouse engaged in unlicensed branch activity**

8 1. ORS 59.950(2) requires that every licensee notify the Director in writing at least
9 30 days prior to opening a branch office. To operate a branch office, OAR 441-860-0030 further
10 requires that the licensee submit the licensing fee along with information about the branch at
11 least 30 days prior to commencing operations at the branch location.

12 2. Lighthouse violated ORS 59.950(2) when Lighthouse failed to provide written
13 notice to the Director of its intent to operate the 82nd Branch at least 30 days prior to
14 commencing operation. Lighthouse continued to violate ORS 59.950(2) from October 14, 2004
15 until August 25, 2005.

16 3. Lighthouse violated OAR 441-860-0030 when Lighthouse failed to submit the
17 licensing fee and required branch information for the 82nd Branch at least 30 days prior to
18 commencing operation. Lighthouse continued to violate OAR 441-860-0030 from October 14,
19 2004 until August 25, 2005.

20 **B. Lighthouse failed to notify the Director when hiring loan originators**

21 4. On January 1, 2002, a new law went in to effect requiring all licensees to notify
22 the Director within 30 days of the hire or termination of a loan originator. Specifically, ORS
23 59.969(1) requires that licensees provide written notice to the Director within 30 days following
24 the hire of a loan originator. OAR 441-880-0030(2) requires that the written notice be in a form
25 approved by the Director, which is the Loan Originator Notification Form or Section 6 of the





1 license application (hereinafter "Notification Form").

2 5. Lighthouse violated ORS 59.969(1) and OAR 441-880-0030(2) each of six times
3 when it failed to provide the Director with written notice within 30 days of the hire of loan
4 originators Vorachith Khamphouvong, Kamau Herndon, Jonathan Garnes, Randy Proffitt,
5 Shawn Comstock and Melissa Ingalls.

6 6. Because Lighthouse repeatedly and/or willfully violated ORS 59.969(1) and
7 OAR 441-880-0030(2) six times and at least three of those violations occurred after Lighthouse
8 was specifically notified of the requirement to report loan originators, the Director may revoke
9 the Oregon residential mortgage broker license issued to Lighthouse based upon ORS 59.865(3).

10 **C. Lighthouse failed to conduct criminal records checks on Oregon loan originators**

11 *C1. No records check for Oregon loan originators employed prior to January 1,*
12 *2004*

13 7. On January 1, 2004, a new rule, OAR 441-880-0050(2) went into effect requiring all
14 licensees to conduct criminal records checks on all existing Oregon loan originators prior to
15 April 30, 2004.

16 8. Lighthouse violated ORS 59.972, and OAR 441-880-0050(2) each of six times when
17 it failed to conduct criminal records checks of Oregon loan originators Travis Labrum, Sheldon
18 Harmon, Michael Marshall, Amy Jackson, Yelena Pukay, and Alex Murgueitio by April 30,
19 2004.

20 *C2. No report for Oregon loan originators employed after January 1, 2004*

21 9. On January 1, 2004, a new rule went into effect OAR 441-880-0050(1), requiring
22 all licensees to conduct a criminal records check on any new Oregon loan originator prior to
23 hiring the loan originator.

24 10. Lighthouse violated ORS 59.972, and OAR 441-880-0050(1) each of nine times
25 when it failed to conduct criminal records checks prior to hiring loan originators Douglas



1 Thomas, Melissa Ingalls, Paul Tavera, Bryan Snyder, Brian Henderson, Josh Munk, Nile
2 Plouffe, Vicky Smith, and Chadwick Amsden.

3 11. Because Lighthouse repeatedly and/or willfully violated ORS 59.972 fifteen
4 times, OAR 441-880-0050(2) six times and OAR 441-880-0050(1) nine times, the Director may
5 revoke the Oregon residential mortgage broker license issued to Lighthouse based upon ORS
6 59.865(3).

7 **D. Lighthouse employed Oregon loan originators with disqualifying convictions**

8 12. Lighthouse violated ORS 59.971(2) each of eight times when it employed loan
9 originators Shan Harmon, Joshua P. Munk, John E. Peterson, Christopher Hlavac, Dante Jones,
10 Chadwick Amsden, Amy Jackson, and Nils Rognlien each of whom had disqualifying
11 convictions.

12 *D1. Failure to notify the Director of loan originators with disqualifying conviction(s)*

13 13. On January 1, 2004, a new rule went into effect, OAR 441-880-0050, requiring all
14 licensees to notify the Director within three business days of receiving a criminal records check
15 containing a disqualifying conviction.

16 14. Lighthouse violated OAR 441-880-0050(5) each of three times when it failed to
17 notify the Director within three business days of receiving a criminal records check containing a
18 disqualifying conviction for loan originators Shan Harmon, Joshua P. Munk, and John E.
19 Peterson.

20 *D2. Retaining or hiring Oregon loan originators with disqualifying convictions*

21 15. On January 1, 2004, a new rule went into effect, OAR 441-880-0050(6)(c),
22 requiring all licensees to request a "no-action" letter from the director if they wish to hire or
23 retain a loan originator with a disqualifying conviction.

24 16. Lighthouse violated OAR 441-880-0050(6)(c) each of eight times when
25 Lighthouse hired or continued to employ loan originators Shan Harmon, Joshua P. Munk, John



1 E. Peterson, Christopher Hlavac, Dante Jones, Chadwick Amsden, Amy Jackson, and Nils
2 Rognlien, each of whom had a disqualifying conviction, without obtaining a “no-action” letter
3 from the Director.

4 17. Because Lighthouse repeatedly and/or willfully violated ORS 59.971(2) and OAR
5 441-880-0050(6)(c) eight times the Director may revoke the Oregon residential mortgage broker
6 license issued to Lighthouse based upon ORS 59.865(3).

7 **E. Lighthouse continued employment of Oregon loan originators with disqualifying
8 convictions**

9 18. Lighthouse continued to violate ORS 59.971(2) and OAR 441-880-0050(6)(c)
10 when Lighthouse continued to employ Shan Harmon, John Peterson, Amy Jackson, and Nils
11 Rognlien after the Director notified Lighthouse on July 27, 2006 that each individual had a
12 disqualifying conviction.

13 19. Lighthouse demonstrated negligence or incompetence in violation of ORS
14 59.865(14) by continuing to employ loan originators Shan Harmon, John Peterson, Amy Jackson
15 and Nils Rognlien after being directed by a DFCS examiner to terminate loan originators who
16 had disqualifying convictions.

17 20. Because Lighthouse demonstrated negligence or incompetence in complying with
18 the requirements of ORS 59.971(2) and OAR 441-880-0050(6)(c) as applied to Shan Harmon,
19 John Peterson, Amy Jackson, and Nils Rognlien, the Director may revoke the Oregon residential
20 mortgage broker license issued to Lighthouse based upon ORS 59.865(14).

21 **F. Lighthouse violated loan originator education requirements**

22 21. On January 1, 2002, a new rule, OAR 441-880-0020, went into effect requiring
23 new Oregon loan originators to obtain 20 hours of entry-level education within six months of
24 first commencing to originate loans. OAR 441-880-0030(6) provided that an employer could not
25 hire or continue to employ a loan originator who failed to complete the required education.

F1. Entry-level education



1 22. Lighthouse violated ORS 59.969 and OAR 441-880-0030(6) each of three times
2 when it continued to employ Carlos Perez, Vince Devito, and Nile Plouffe as loan originators
3 after they failed to complete their required entry-level education within six months from the day
4 they first functioned as loan originators.

5 *F2. Continuing education*

6 23. On January 1, 2002, a new rule, OAR 441-880-0020, went into effect requiring all
7 Oregon loan originators to obtain continuing education every two-year period beginning from the
8 date the Director was first notified that the loan originator was originating loans, called the
9 notification date. OAR 441-880-0030(6) provided that an employer could not hire or continue to
10 employ a loan originator who failed to complete the required education.

11 24. Lighthouse violated ORS 59.969 and OAR 441-880-0030(6) each of three times
12 when it continued to employ Shan Harmon, Michael Marshall, and Mark Scott as loan
13 originators after they failed to complete their required 20 hours of continuing education within
14 two years of their notification dates.

15 25. Because Lighthouse repeatedly and/or willfully violated ORS 59.969 and OAR
16 441-880-0030(6) six times, the Director may revoke the Oregon residential mortgage broker
17 license issued to Lighthouse based upon ORS 59.865(3).

18 **G. Lighthouse failed to keep books and records**

19 26. ORS 59.860(1) requires each licensee to make and keep records as prescribed by
20 the Director by rule or order.

21 *G1. Personnel Records*

22 27. Lighthouse violated ORS 59.860(1) and OAR 441-865-0050 each of three times
23 when it failed to maintain personnel files for Melinda Hiday, Daniel Kurth, and Ed Lathrop.

24 *G2. Residential Borrower files*

25 28. Lighthouse continued to violate ORS 59.860(1) and OAR 441-865-0060 each of



1 twenty-two times when it failed to maintain at least twenty-two borrower files.

2 29. Lighthouse demonstrated negligence or incompetence in violation of ORS
3 59.865(14) by failing to maintain at least twenty-two borrower files as required by ORS
4 59.860(1) and OAR 441-865-0060. Because Lighthouse violated ORS 59.865(14) the Director
5 may revoke the Oregon residential mortgage broker license issued to Lighthouse.

6 *G3. Executed loan application*

7 30. Lighthouse violated ORS 59.860(1) and OAR 441-865-0060(1)(a) four times
8 when it failed to maintain a copy of the executed loan application the borrower files for G.N.,
9 C.D., A.P., and T.L.

10 *G4. Lock or float agreement*

11 31. Lighthouse violated ORS 59.860(1) and OAR 441-865-0060(1)(c) four times
12 when it failed to maintain a compliant rate lock or float agreement acknowledged by the
13 borrower in the borrower files for T.F., T.P., C.K. and D.B.

14 *G5. Good faith estimate*

15 32. The Real Estate Settlement Procedures Act, or RESPA, at 24 CFR § 3500.7(a)
16 requires that a lender provide the consumer with a good faith estimate, or GFE, of the charges
17 that the borrower will incur at the settlement of the loan; pursuant to 24 CFR § 3500.7(b), the
18 broker must provide this if it is not the exclusive agent of the lender. The required contents of
19 the GFE are outlined in 24 CFR § 3500.7(c) and include a list as a dollar amount or range of the
20 charges that will be listed in Section L of the HUD-1. Appendix B to RESPA explains that the
21 GFE must include "any other fee or payment received by the mortgage broker from either the
22 lender or the borrower arising from the initial funding transaction, including a servicing release
23 premium or yield spread premium."

24 33. Lighthouse violated ORS 59.860(1) and OAR 441-865-0060(1)(d) when it failed
25 to maintain a copy of a GFE in the borrower file for C.K. that complied with the requirements of



1 RESPA to disclose YSPs.

2 *G6. Credit Report*

3 34. Lighthouse violated ORS 59.860(1) and OAR 441-865-0060(1)(f) each of three
4 times when it failed to maintain a copy of the final credit report or the credit report relied upon in
5 the borrower file for K.A. and the first and second mortgage borrower file for T.P.

6 *G7. Truth in Lending Disclosure*

7 35. ORS 59.955 requires that a licensee provide the borrower prior to close with a
8 disclosure as required by the Truth in Lending Act, or TILA, at 15 USC § 1601 et seq. and
9 Regulation Z, or Reg Z at 12 CFR Part 226. OAR 441-865-0060(1)(g) requires that the licensee
10 maintain a copy of the Truth in Lending Act disclosure, or TIL, in the borrower's file. Reg Z at
11 12 CFR § 226.18 outlines the requirements of the TIL to be provided to the borrower.

12 Specifically, 12 CFR § 226.18(i) requires that the TIL disclose if there is a demand feature.

13 36. Lighthouse violated ORS 59.860(1) and OAR 441-865-0060(1)(g) by failing to
14 maintain a copy of the TIL in the second mortgage borrower files for C.B. and T.K. that
15 complied with the requirements of TILA at 12 CFR §226.18(i) to disclose if there is a demand
16 feature.

17 37. Because Lighthouse failed to comply with the requirements of ORS 59.860(1) to
18 make and keep records, the Director may revoke the Oregon mortgage broker license issued to
19 Lighthouse based upon ORS 59.865(11).

20 **H. Lighthouse engaged in unethical acts**

21 *H1. N.C. Transaction*

22 38. Lighthouse violated ORS 59.930(2) by submitting a loan application for N.C.
23 knowing that the Verification of Rent omitted to state a material fact, that the borrower and the
24 person completing the document were related. Lighthouse knew that this information would be
25 material to the lender as evidenced by the note, which stated: "It is information the lender needs.



1 Don't disclose that the landlord is a cousin, so on the bottom of the page where its says 'Title'
2 put 'landlord.'"

3 *H2. T.P. Transaction*

4 39. Lighthouse violated ORS 59.930(2) by submitting T.P's loan application, which
5 stated that T.P. was employed by Toran Investments Inc. earning \$7,000 per month when
6 Lighthouse knew the information contained in the information was false because Lighthouse's
7 file contained a document that showed T.P. was employed by Washington County.

8 40. Because Lighthouse engaged in mortgage fraud in violation of ORS 59.930, the
9 Director may revoke the Oregon mortgage broker license issued to Lighthouse based upon ORS
10 59.865(2).

11 **I. Failure to Supervise**

12 41. Lighthouse failed to supervise diligently and adequately control loan originators
13 by failing to notify the Director of hire and termination of loan originators, failing to ensure that
14 all loan originators completed the required entry-level and continuing education in the time
15 required, failing to obtain and maintain criminal records checks, failing to terminate loan
16 originators with disqualifying criminal convictions, failing to terminate loan originators who
17 failed to complete required entry-level or continuing education, failing to maintain and track
18 borrower files, failing to ensure that each borrower's file contained the executed loan
19 application, accurate and complete GFES, TILs, rate lock disclosure forms, and the credit report
20 and by failing to identify and prevent fraud.

21 42. Because Lighthouse failed to supervise diligently and adequately control loan
22 originators, the Director may revoke the Oregon residential mortgage broker license issued to
23 Lighthouse based upon ORS 59.865(15).

24 **ORDER**

25 **NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:**

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4140



1 43. Lighthouse shall, pursuant to the authority granted by ORS 59.885(4) **CEASE**
2 **AND DESIST** from violating any provision of Oregon Mortgage Lender Law, ORS 59.840 *et*
3 *seq.*, and accompanying administrative rules 441-850-0005 through 441-885-0010 and any rule,
4 order or policy issued by the Director.

5 44. The Director, pursuant to ORS 59.865, hereby **REVOKES** the Oregon residential
6 mortgage broker license issued to Lighthouse.

7 45. Lighthouse is, pursuant to ORS 59.996 hereby **ORDERED** to pay the State of
8 Oregon a **CIVIL PENALTY** of One Hundred and Twenty Six Thousand, Five Hundred Dollars
9 (\$126,500). The civil penalty is based upon 1) **\$10,000** for continuing violations of both ORS
10 59.950(2) and OAR 441-860-0030; 2) **\$3,000** (\$500x6) for six violations of both ORS 59.969(1)
11 and OAR 441-880-0030(2); 3) **\$7,500** (\$500x15) for six violations of ORS 59.972 and OAR
12 441-880-0050(2) and nine violations of ORS 59.972 and OAR 441-880-0050(1); 4) **\$11,000**
13 (\$1,000x11) for eight violations of ORS 59.971(2) and OAR 441-880-0050-(6)(c) and three
14 violations of OAR 441-880-0050(5); 5) **\$20,000** (\$5000x4) for continuing violations of ORS
15 59.971(2) and OAR 441-880-0050-(6)(c) 6) **\$6,000** (6X\$1,000) for six violations of ORS
16 59.969 and OAR 441-880-0030(6); 7) **\$3,000** (\$1,000x3) for three violations of ORS 59.860(1)
17 and OAR 441-865-0050; 8) **\$22,000** (\$1,000X22) for twenty-two continuing violations of ORS
18 59.860(1) and OAR 441-865-0060; 9) **\$7,000** (\$500x14) for fourteen violations of OAR 441-
19 865-0060(1); 10) **\$10,000** (\$5,000x2) for two violations of ORS 59.930; 11) **\$27,000**
20 (\$1,000x27) for twenty-seven violations of ORS 59.865(14). Of this sum, One Hundred Sixteen
21 Thousand, Five Hundred Dollars (\$116,500) shall be **SUSPENDED** so long as Lighthouse and
22 Sheldon Harmon do not violate the terms of this Order. (In the event that Lighthouse or Sheldon
23 Harmon violates the terms of this Order the entire **CIVIL PENALTY** of One Hundred Twenty
24 Six Thousand, Five Hundred Dollars (126,500), minus amounts paid, shall be immediately due
25 and owing). Of the remaining Ten Thousand Dollar (\$10,000) Civil Penalty, Five Thousand



1 Dollars (\$5,000) shall be immediately due and owing upon the entry of this Order. The
2 remainder shall be paid in monthly installment payments of One Thousand, Five Hundred
3 Dollars (\$1,500), due on or before the tenth (10th) calendar day of each month, with the first
4 payment due on or before July 10, 2009 (timely payment shall be deemed to be of the essence;
5 failure to make a payment in a timely fashion will constitute a violation of this Order), until the
6 entire Ten Thousand Dollar (\$10,000) portion of the civil penalty has been paid.

7 46. Lighthouse and Sheldon Harmon agree, and the Director so Orders that
8 Lighthouse and Sheldon Harmon are permanently BARRED from applying for, holding, or
9 renewing any license or registration required by the Director in Oregon, including but not limited
10 to securities, insurance, consumer finance, manufactured structure dealer or mortgage lending.
11 Lighthouse and Sheldon Harmon are further BARRED from acting as a mortgage loan originator
12 or mortgage loan processor in Oregon.

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

16 Dated this 29th day of June, 2009, at Salem, Oregon.

17
18 CORY STREISINGER, Director
Department of Consumer and Business Services

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

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CORPORATE AND PERSONAL CONSENT TO ENTRY OF ORDER

I, Sheldon Harmon, state that I am the President of Crown Point Enterprises Inc. DBA Lighthouse Financial Group, 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 Lighthouse and I have been represented by counsel in this matter; that I voluntarily and without any force or duress, consent to the entry of this Order, expressly waiving any right to a hearing in this matter; that I neither admit nor deny the findings of fact in the foregoing order; that I execute this consent, both personally and on behalf of Crown Point, as a settlement of matters referred to in the foregoing order; that I understand 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 the Oregon Mortgage Lender Law; and that I will fully comply with the terms and conditions stated herein.

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

Dated this 22 day of ~~May~~, 2009.

June

By *[Signature]*
(Signature of officer)

(Office Held)

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Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4140

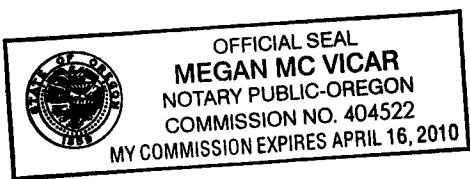


CORPORATE ACKNOWLEDGMENT

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There appeared before me this 22 day of ^{June} ~~May~~, 2009, Sheldon Harmon, who was first duly sworn on oath, and stated that (s)he was and ~~is~~ was president/owner of Lighthouse and that (s)he is authorized and empowered to sign this Consent to Entry of Order on behalf of Lighthouse, and to bind Lighthouse to the terms hereof.

Megan McVicar
Notary Public
for the State of: Oregon
My commission expires 4-16-10



Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4140

