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: **Rystadt and Escobar, Inc.,** **Respondent.**	**M-07-0029** **ORDER OF ISSUANCE OF CONDITIONAL MORTGAGE BANKER/BROKER LICENSE** **CONSENT TO ENTRY OF ORDER**

WHEREAS the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter "the Director") conducted an investigation of Rystadt and Escobar, Inc. and determined that Rystadt and Escobar, Inc. engaged in activities constituting violations of ORS 59.840 through 59.965 (hereinafter cited as the Oregon Mortgage Lender Law); and

WHEREAS Rystadt and Escobar, Inc., wishes to resolve and settle this matter with the Director,

NOW THEREFORE, the Director **GRANTS** a conditional mortgage banker/broker license to Rystadt and Escobar until further order of the Director subject to renewal fee and document requirements. Rystadt and Escobar **CONSENTS** to entry of this order upon the Director's Findings of Fact and Conclusions of Law as stated hereinafter:

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350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4140

FINDINGS OF FACT

The Director **FINDS** that:

1. On May 7, 1998, the Director issued Curtis Rystadt a license to engage in residential mortgage lending as a sole proprietorship operating under the name Curtis Rystadt dba Rystadt & Escobar. The Director licensed Curtis Rystadt dba Rystadt &

Escobar to engage in Oregon residential mortgage lending continuously from May 7, 1998 to May 7, 2003.

2. On March 5, 2003, Curtis Rystadt incorporated Rystadt and Escobar, Inc. in Oregon. Curtis Rystadt is the sole owner of Rystadt and Escobar, Inc.

3. On May 12, 2003, the Director issued Rystadt and Escobar, Inc. a license to engage in Oregon residential mortgage loans. Rystadt and Escobar, Inc. has been continuously licensed to engage in residential mortgage lending in Oregon since May 12, 2003. The current license is set to expire on May 11, 2009.

4. On May 15, 2006, Rystadt and Escobar, Inc. (hereinafter collectively referred to as "Escobar" or "Respondent") and the Director entered into a consent order in case M-06-0021 (hereinafter "the Order") to issue a conditional license to Escobar. The Order, attached as Exhibit A, is hereby incorporated by reference.

5. On July 3, 2007, a Division of Finance and Corporate Securities (hereinafter "Division") Examiner completed an on-site examination of the books and records of Escobar (hereinafter "the 2007 examination"). The 2007 examination revealed that loan originator Reuven Shuval had not completed the required entry-level loan originator education, Escobar failed to maintain a signed application in one of seven borrower files reviewed, all seven files reviewed contained Truth in Lending disclosures that either included items that are not finance charges or failed to include items that are finance charges in the total of finance charges reported to the consumer, Escobar failed to disclose yield spread premiums on the good faith estimate or hand-wrote them on an otherwise typed form, failed to disclose on the Truth in Lending disclosure that two of seven loans reviewed had demand features and failed to complete the disclosures on the bottom half of the form, failed to include the term of loan, type of loan, loan fee and discount points as required the lock agreement in at least one borrower file, failed to obtain the borrower's signature on the lock agreement in a second file and allowed a

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consumer to sign a form that indicated that the rate would both float and be locked in a third file. On a scale of 1 to 5, with 1 being outstanding and 5 being poor, Escobar received a 3.

6. As a result of the 2007 examination, the Director and Escobar agree that it is appropriate to continue the conditions imposed in the 2006 Order.

CONCLUSIONS OF LAW

The Director **CONCLUDES** that:

1. Escobar is the subject of the 2006 Order that places conditions on Escobar's mortgage lender license, which is grounds under ORS 59.865(8) to condition the license issued to Escobar.

ORDER

NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:

The Director, pursuant to ORS 59.865, ORS 59.860, ORS 59.880 and ORS 59.885, hereby **ORDERS** that, effective the date of this order, a conditional Oregon mortgage banker/broker license shall be issued to Respondent until further order of the Director subject to renewal fee and document requirements. Notwithstanding the foregoing, Rystadt may, following an examination score of 3 (satisfactory) or better with no record of borrower complaints made to the Division, make written application to the Director for an unconditional license. The Director will review and act upon any application or request for licensing according to the current law, including any rights available to request a contested case hearing on any licensing or registration decision. This does not mean any request will be granted, but the request will be reviewed by the Director. The conditional license shall be subject to the following conditions such that if Respondent fails to comply with the conditions Respondent agrees that the license shall be revoked immediately:

1. Respondent will comply with ORS 59.840 through 59.996, OAR 441-850-

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0005 through 441-885-0010 and any rule, order or policy issued by the Director, including but specifically not limited to:

a) Respondent shall notify the Director within 30 days of the hire or termination of a loan originator;

b) Respondent shall obtain a criminal records check prior to the hire of a loan originator;

c) Respondent shall not employ any loan originator who has not completed the required entry-level or continuing education requirements in compliance with OAR 441-880-0020;

d) Respondent shall immediately terminate any loan originator who has not completed the required entry-level or continuing education in compliance with OAR 441-880-0020;

e) Respondent shall maintain personnel records in compliance with OAR 441-865-0050;

f) Respondent shall provide each borrower all disclosures required by the Truth in Lending Act prior to the close of any mortgage; and

g) Respondent shall maintain a compliant rate lock or float agreement in each borrower file.

2. Respondent shall continuously employ a compliance supervisor acceptable to the Director who will be responsible for ensuring that Respondent complies with the requirements of ORS 59.840 through 59.996, OAR 441-850-0005 through 441-885-0010 and any rule, order or policy issued by the Director. If Respondent does not have in its employ a compliance supervisor, regardless of the reason for that failure, Respondent shall notify the Director within three working days that Respondent no longer satisfies this requirement and shall provide to the Director within one week of the

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occurrence a proposed plan to rectify the deficiency or a plan for the orderly transfer of business to another mortgage broker or banker that is licensed to engage in Oregon residential mortgage lending or exempt from the licensing requirements.

3. Respondent and the compliance supervisor shall conduct a monthly review of Respondent's business practices to ensure that they comply with ORS 59.840 through 59.996, OAR 441-850-0005 through 441-885-0010 and any rule, order or policy issued by the Director. Respondent and the compliance supervisor shall provide a certification to the Director by the fifteenth of each month that the required review was completed and either a certification that Respondent operated in compliance with ORS 59.840 through 59.996, OAR 441-850-0005 through 441-885-0010 and any rule, order or policy issued by the Director or a explanation of any deficiencies noted and the plan to correct them.

4. The Director shall conduct one or more examinations of Respondent reviewing Respondent's compliance with ORS 59.840 through 59.996, OAR 441-850-0005 through 441-885-0010 and any rule, order or policy issued by the Director. If Respondent fails to achieve an examination score of at least at 3, or satisfactory rating, Respondent agrees to the revocation of the mortgage lender license by the Director.

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

Dated this 11th day of May, 2009, at Salem, Oregon.

CORY STREISINGER, Director
Department of Consumer and Business Services

David Tatman, Administrator
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CORPORATE CONSENT TO ENTRY OF ORDER

I, Curtis Rystadt, state that I am an officer of Respondent, 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 discovery 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 Chapter 59 of the Oregon Revised Statutes.

Respondent understands that this Consent Order is a public document.

Dated this 8 day of May, 2009.

By _____
(Signature of officer)

President
(Office Held)

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CORPORATE ACKNOWLEDGMENT

There appeared before me this 8th day of May, 2009, Curtis Rystadt, who was first duly sworn on oath, and stated that he was and is 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.

OFFICIAL SEAL
CAROLYN HORAK
NOTARY PUBLIC-OREGON
COMMISSION NO. 429499
MY COMMISSION EXPIRES JUNE 24, 2012

Carolyn Horak
Notary Public
for the State of: Oregon
My commission expires: 6/24/12

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