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**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-10-0033**

**Ernest Edward “Ernie” Weatherly,  
Jr. and  
Lakeside Mortgage LLC,  
Respondents.**

**FINAL ORDER TO CEASE AND  
DESIST, ASSESSING CIVIL  
PENALTIES AND PROHIBITING  
EMPLOYMENT AS A LOAN  
ORIGINATOR  
ENTERED BY DEFAULT**

On August 10, 2010 the Director of the Department of Consumer and Business Services (the “Director”) acting by the authority of Oregon Revised Statutes (“ORS”) 86A.095 et seq. (the “Oregon Mortgage Lender Law”) [formerly numbered ORS 59.840 to 59.980], issued Administrative Order M-10-0033, ORDER TO CEASE AND DESIST, PROPOSED ORDER ASSESSING CIVIL PENALTIES AND PROHIBITING EMPLOYMENT AS A LOAN ORIGINATOR AND NOTICE OF RIGHT TO HEARING (the “Proposed Order”) against Ernest Edward “Ernie” Weatherly (“Weatherly”) and Lakeside Mortgage LLC (“Lakeside”) (together with Weatherly, “Respondents”)

On or about August 12, 2010, Respondents were mailed true copies of the Proposed Order by regular, first-class mail and by certified mail, postage prepaid, return receipt requested, and addressed to: Ernest Edward “Ernie” Weatherly Jr., Lakeside Mortgage LLC, 1303 Ivy Road, #34, Bremerton, WA 98310. Both were returned to the Division marked “Forward Expired.”

Respondents have not made a written request for a contested case hearing in this matter, and the time to do so has expired.

NOW THEREFORE, after consideration of the Division’s investigative file and related documents, the Director hereby issues the following Findings of Fact,

Division of Finance and Corporate Securities  
Labor and Industries Building  
350 Winter Street NE, Suite 410  
Salem, OR 97301-3881  
Telephone: (503) 378-4387



1 Conclusions of Law, and Final Order.

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## I. FINDINGS OF FACT

3 The Director **FINDS** that:

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1. Beginning on or about November 5, 2008 Ernest Edward “Ernie” Weatherly (“Weatherly”) and Lakeside Mortgage LLC (“Lakeside”) (together with Weatherly, “Respondents”) advertised at a website located at <http://www.zillow.com/profile/Ernie-Weatherly/> as a mortgage lender specializing in refinancing, purchase loans and home equity loans from a location of 1303 Ivy Road, #34, Bremerton, WA 98310.

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2. Respondents provided at least one Oregon resident with a business card listing the same physical address and advertising “Ernie Weatherly” as a “Commercial Loan Specialist” for “Lakeside Mortgage LLC”. The business card also included the following language:

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- Home Mortgages Available
- Need A Home Loan?
- Lower Rate, Lower Monthly Payment
- Purchase, Refi or Cash-Out
- FHA, VA, Reverse Mortgage
- Construction or Commercial loan
- Other types of loans available

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3. On or about October 2008 Respondents, through Weatherly, contacted an Oregon consumer by telephone, claiming to be a mortgage loan originator for Lakeside. The consumer had originally met Weatherly when she purchased another residence several years ago. Respondents, through Weatherly, stated that they would help her refinance her current residence, which is located in Oregon.

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- 1 4. Respondents, through Weatherly, requested that the consumer send him  
2 approximately \$625 to pay for an appraisal, which the consumer did.
- 3 5. Shortly thereafter, Respondents, through Weatherly, told the consumer that she  
4 did not earn enough to qualify for a refinance, and told her to add her boyfriend  
5 to the loan application to increase the amount of income that would be reported  
6 to the lender for the purposes of obtaining an Oregon residential mortgage loan.
- 7 6. The consumer explained that her boyfriend did not have sufficient credit for his  
8 inclusion on the loan application to be beneficial. Respondents, through  
9 Weatherly, then explained to the consumer that if she would send them \$800,  
10 they would establish credit for the boyfriend through utility payments and rent  
11 payments. On or about January 17, 2009 the consumer sent Respondents \$800  
12 for this purpose.
- 13 7. On or about February 27, 2009 Respondents, through Weatherly, told the  
14 consumer that she and her boyfriend still did not have enough income to qualify  
15 for a refinance. Respondents, through Weatherly, then directed the consumer to  
16 file an IRS Form 1099 ("1099") for the year 2008 reporting wages that she did  
17 not receive. Specifically, Respondents, through Weatherly, directed the  
18 consumer to report income from the care of an elderly person, which did not  
19 occur, and which she did not receive.
- 20 8. The consumer was not regularly engaged in the care of an elderly person, did not  
21 receive the income for the care of an elderly person that Respondents directed  
22 her to report, and at no time represented to Respondents that she was engaged in  
23 the care of an elderly person producing the amount of income Respondents  
24 directed her to report.
- 25 9. Also on or about February 27, 2009 Respondents, through Weatherly, contacted  
26 the consumer again and again told her that the loan was still not approved.



1 During this conversation Respondents, through Weatherly, directed the  
2 consumer to file another 1099, this time for year 2007, reporting \$1000 in self-  
3 employment income that she did not receive.

4 10. The consumer did not receive \$1000 in income from self-employed activities in  
5 2007, and at no time represented to Respondents that she earned the \$1000 in  
6 income from self-employed activities in 2007 that Respondents directed her to  
7 report.

8 11. The consumer declined to file the 1099 for year 2007, and filed a complaint with  
9 the Oregon Department of Justice against Respondents, which was forwarded to  
10 the Department of Consumer and Business Services' Division of Finance and  
11 Corporate Securities.

12 12. The State of Washington's Department of Financial Institutions has issued a  
13 cease and desist order ( No. C-09-194-09-FO01) against Weatherly for unlicensed  
14 activity; failing to maintain borrower funds in a trust account; directly or  
15 indirectly employing a scheme, device or artifice to defraud or mislead borrowers  
16 or lenders or any person; engaging in an unfair or deceptive practice toward any  
17 person; obtaining property by fraud or misrepresentation; and collecting,  
18 charging, attempting to collect or charge or using or proposing to use any  
19 agreement purporting to collect or charge any fee prohibited by Revised Code of  
20 Washington § 19.146.070. A copy of the order is available at [www.dfi.wa.gov](http://www.dfi.wa.gov).

21 13. Discussing loan products, advising a consumer in securing a mortgage loan, and  
22 charging a consumer for these services is typically part of loan- originating, loan-  
23 brokering and mortgage lending activity.

24 14. At all relevant times herein, Respondents did not have a license to engage in  
25 Oregon residential mortgage transactions.

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**II. CONCLUSIONS OF LAW**

1. By discussing loan products with a consumer, charging a consumer for an appraisal, advising a consumer in securing a mortgage loan, and charging a consumer for these services in order to make or attempt to make or broker a loan on property located in Oregon, Respondents, through Weatherly, engaged in Oregon residential mortgage transactions pursuant to ORS 86A.103(2) [formerly ORS 59.845(2)].
2. Respondents, through Weatherly, violated ORS 86A.103(1) [formerly ORS 59.845(1)] by engaging or attempting to engage in Oregon residential mortgage-brokering activity without a license when Respondents, through Weatherly, discussed loan products with a consumer, charged a consumer for an appraisal, advised a consumer in securing a mortgage loan, and charged a consumer for those services, in order to obtain an Oregon residential mortgage loan.
3. Respondents, through Weatherly, violated ORS 86A.154(3) [formerly ORS 59.930(3)] by engaging in an act, practice or course of business which operates or would operate as a fraud or deceit upon any person, by advising a consumer to falsify documents for the purpose of obtaining a residential mortgage loan.

**III. ORDERS**

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

**CEASE AND DESIST ORDER**

The Director, pursuant to her authority under ORS 86A.127, hereby **ORDERS** that Respondents shall **CEASE AND DESIST** from violating any provision of Oregon Mortgage Lender Law, OAR 441-850-0005 through 441-885-0010 and any rule, order or policy issued by the Division.

The Director, pursuant to ORS 86A.992, hereby assesses Respondents a **\$10,000 CIVIL PENALTY**. The civil penalty is based on a fine of \$5000 for one



1 violation of ORS 86A.103(1) and \$5000 for one violation of ORS 86A.154(3).  
2 Respondents are jointly and severally liable for the full amount of the assessed civil  
3 penalty.

4 The Director, pursuant to ORS 86A.187(5)(c), based on Weatherly's violation of  
5 ORS 86A.154(3), hereby issues an **ORDER TO PROHIBIT** Weatherly from  
6 employment as a loan originator in Oregon.

7 The date of this Order is the day the Director or Director's nominee signs the Order.  
8 The entry of this Order does not affect or limit in any manner the Director's ability to  
9 invoke further remedies, specifically including but not limited to assessing civil penalties  
10 or denying, suspending, conditioning or revoking a license, which may be available to  
11 the Director under Oregon law based upon the violation(s) noted in this Order or any  
12 other violation.

13 Dated this 7th day of September, 2010, at Salem, Oregon.

14 NUNC PRO TUNC August 10, 2010.

15  
16 CORY STREISINGER, Director  
Department of Consumer and Business Services

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18 /s/ David Tatman  
David Tatman, Administrator

19 Division of Finance and Corporate Securities  
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21 **NOTICE OF APPEAL RIGHTS**

22 You are entitled to seek judicial review of this Final Order. Judicial review may be  
23 obtained by filing a petition for review with the Oregon Court of Appeals in Salem,  
24 Oregon within sixty (60) days from the date of service of this Final Order. Judicial  
25 review is pursuant to the provisions of **ORS 183.482**.  
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