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5 **STATE OF OREGON**  
6 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**  
7 **DIVISION OF FINANCE AND CORPORATE SECURITIES**

8 In the Matter of:

**DM-11-0028**

9 Refine Franchising, Inc. dba Loanrefine,  
Respondent.

**Final Order to Cease and Desist,  
Order Assessing Civil Penalties  
Entered by Default**

10 On July 21, 2011, the Director of the Department of Consumer and Business Services  
11 for the State of Oregon (“Director”) acting pursuant to the authority contained in Oregon  
12 Revised Statutes (“ORS”) 86A.100 et. seq. and Oregon Administrative Rules (“OAR”) 441-  
13 850-0005 through 441-885-0010 (collectively “Oregon Mortgage Lender Laws and Rules”)  
14 and ORS 697.602 through 697.842 and OAR 441-910-0000 through 441-910-0120  
15 (collectively “Oregon Debt Management Service Provider Laws and Rules”), issued  
16 Administrative Order No. DM-11-0028 Order to Cease and Desist, Proposed Order Assessing  
17 Civil Penalty and Notice of Opportunity for a Hearing (“Notice Order”) against Refine  
18 Franchising, Inc. dba Loanrefine (“Refine Franchising” or “Respondent”).

19 On September 7, 2012, Franchisesmith LLC, Registered Agent, was properly served  
20 the Notice Order by certified U.S. Mail at 15751 SW Pleasant Hill Rd., Sherwood, OR 97140.  
21 No hearing was requested and the time to do so has expired.

22 Now therefore, after consideration of the file in this matter maintained by the Oregon  
23 Department of Consumer and Business Services, the Director hereby issues the following  
24 Findings of Fact, Conclusions of Law, and Final Orders.

25 **FINDINGS OF FACT**

26 The Director finds that:





1           1. Refine Franchising, Inc. dba Loan Refine is an Oregon corporation located at 308  
2 Howard Street in Medford, Oregon 97504. Respondent is not a licensed mortgage banker or  
3 mortgage broker in Oregon and is not registered as a debt management service provider in  
4 Oregon.

5           2. At all times relevant to this matter, the individual consumer identified herein as “JF”  
6 was an Oregon resident. At all relevant times herein, JF had a home mortgage loan secured by  
7 real estate located in Oregon.

8           3. Respondent markets residential loan modification services through direct mail  
9 solicitations.

10          4. On information and belief, when consumers contact Respondent, Respondent  
11 promises to help the consumers modify their residential real estate loans to make their  
12 payments more affordable including, but not limited to, a reduction in the principal, interest,  
13 fees, or charges associated with consumers’ residential real estate loans.

14          5. As instructed by Respondent, consumers submit their personal nonpublic financial  
15 information, including details about their residential real estate mortgages and income,  
16 together with an advance fee to Respondent in exchange for a promise to receive the mortgage  
17 loan assistance with negotiating a change in the terms of their residential real estate loans.

18          6. After consumers have paid Respondent the advance fee for the mortgage loan  
19 assistance modifying consumers’ residential real estate loan, Respondent fails to answer or  
20 return consumers’ telephone calls or provide meaningful updates about the status of  
21 Respondent’s purported conversations with the consumers’ residential real estate lenders.

22          7. In or around June 2009, JF contracted with Respondent for loan modification  
23 services.

24          8. In response to Respondent’s promise to provide services to seek a loan modification  
25 for JF, on June 15, 2009, JF paid \$795 to Respondent by check number 1263. Based upon  
26 information received, JF believed the funds to be refundable.



1           9. After receiving the advance payments from Consumers, Respondent stopped  
2 initiating any regular or meaningful contact with JF. Respondent continued to respond to  
3 inquiries JF initiated regarding the process throughout 2009 and into 2010, however,  
4 Respondent ultimately did not obtain a modification for JF, stopped responding to JF's  
5 inquiries about the modification negotiations, and failed to respond to JF's request for a  
6 refund of the \$795 paid.

7           10. Respondent has failed and refuses to perform on its promises, made in exchange  
8 for the advance fees paid by the consumer to Respondent, to negotiate a modification of the  
9 consumer's residential mortgage loan including, but not limited to, securing a lower interest  
10 rate, principal reductions, and a possible refund.

11           11. On information and belief, Respondent has not conducted any substantive  
12 conversations with JF's mortgage lenders or servicers that have resulted in a modification of  
13 their residential real estate loan. Instead, JF subsequently negotiated directly with the lender  
14 and is obtaining modification based upon JF's efforts.

15           12. The Division of Finance and Corporate Securities ("Division") on behalf of the  
16 Director notified Respondent, in writing, that it was required to comply with the licensing  
17 requirements of the Oregon Mortgage Lender Law or the registration requirements of the  
18 Debt Management Service Providers Act to collect and retain fees in exchange for offering to  
19 assist Oregon consumers in adjusting the terms of their residential real estate loans.

20           13. The Division requested, in writing, that Respondent refund the fees collected from  
21 JF because it did not perform its promise to obtain a modification of the terms of JF's  
22 residential real loan.

23           14. Respondent refused to refund the fees that it collected from JF after receiving  
24 written notice from the Director advising Respondent that its loan modification activities were  
25 in violation of Oregon law, and the time for doing so has expired.

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1 **CONCLUSIONS OF LAW**

2 The Director concludes that:

3 15. Respondent acted as a “mortgage broker” as defined by ORS 86A.100(5)(a)(C)  
4 [formerly ORS 59.840(7)(a)(C)] when it offered to negotiate the terms of the mortgage loans  
5 of JF in exchange for receiving compensation without first being licensed as either a mortgage  
6 banker or mortgage broker.

7 16. Respondent engaged in a “residential mortgage transaction in this state” as defined  
8 by ORS 86A.103(2) [formerly ORS 59.845(2)] when it offered to negotiate a home mortgage  
9 loan secured by residential real property securing the mortgage loans of JF.

10 17. Respondent violated ORS 86A.103(1) [formerly ORS 59.845(1)] when it engaged  
11 in residential mortgage transactions without first being licensed as either a mortgage banker or  
12 mortgage broker.

13 18. Respondent performed a “debt management service” as defined by ORS  
14 697.602(2)(c) when it offered to modify terms and conditions of an existing loan or obligation  
15 in exchange for payment of an advance fee from JF.

16 19. With regard to JF, Respondent violated ORS 697.612(1)(a) when it performed a  
17 debt management service without first registering with the Director under ORS 697.632.

18 20. Respondent violated ORS 86A.154(2) [formerly ORS 59.930(2)] when it  
19 knowingly made an untrue statement of material fact by telling JF that Respondent would  
20 attempt to negotiate a modification to JF’s residential real estate loan when in reality  
21 Respondent did not conduct any substantive conversations with JF’s mortgage lender that  
22 have resulted in modifications of JF’s loans, failed to communicate with JF regarding the  
23 process and has not returned the fees paid by JF.

24 21. The fees collected by Respondent from JF exceeded the amount permitted by ORS  
25 697.692(1).

26 22. Respondent violated ORS 697.662(7)(a) when Respondent collected fees from JF

Division of Finance and Corporate Securities  
Labor and Industries Building  
350 Winter Street NE, Suite 410  
Salem, OR 97301-3881  
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1 that exceeded the amounts permitted by ORS 697.692(1).

2 **ORDERS**

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

4 23. Pursuant to ORS 86A.127 [formerly ORS 59.885] and ORS 697.825, the Director  
5 hereby orders Respondent to cease and desist from violating Oregon’s Mortgage Lender Laws  
6 and Rules and Oregon’s Debt Management Service Providers Laws and Rules.

7 24. Pursuant to ORS 86A.992 [formerly ORS 59.990] and ORS 697.832, the Director  
8 may assess civil penalties of up to \$5,000.00 per violation against persons who violate the  
9 Oregon Mortgage Lender Laws and Rules and the Debt Management Service Providers Laws  
10 and Rules.

11 25. Pursuant to these provisions, the Director hereby orders Respondent to pay the  
12 State of Oregon a civil penalty totaling \$15,000.00. This civil penalty is based on:

- 13 a. \$5,000.00 for violations of ORS 86A.103(1) [formerly ORS 59.845(1)] and
- 14 ORS 697.612(1);
- 15 b. \$5,000.00 penalty for one violation of ORS 86A.154(2) [formerly ORS
- 16 59.930(2)]; and
- 17 c. \$5,000.00 for one violation of ORS 697.662(7)(a).

18 26. The entry of this order in no way further limits remedies which may be available  
19 to the Director under Oregon Law.

20 Dated this 26<sup>th</sup> day of September, 2012.

21 Patrick M. Allen, Director  
22 Department of Consumer and Business Services

23 \_\_\_\_\_  
/s/ David Tatman  
24 David C. Tatman, Administrator  
Division of Finance and Corporate Securities

25 **NOTICE:** Pursuant to ORS 183.482, you are entitled to judicial review of this order. Judicial  
26 review may be obtained by filing a petition with the Court of Appeals in Salem, Oregon



1 within 60 days from the service of this order.

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