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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-11-0100**

**Redwood Financial Services, Inc.  
NMLS # 60627**

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

**Respondent.**

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10 On October 18, 2011, the Director of the Department of Consumer and Business  
11 Services for the State of Oregon (hereafter the "Director"), acting by and pursuant to the  
12 authority of the Oregon Mortgage Lending Law, ORS 86A.100 et seq., issued Administrative  
13 Order No. M-11-0100 to Cease and Desist, Proposed Order Assessing Civil Penalties and  
14 Notice of Right to a Hearing (hereinafter "the order") against Redwood Financial Services Inc.  
15 (hereinafter "Redwood").

16 Redwood was duly served with a copy of the order by regular, first-class mail and by  
17 certified mail, postage prepaid, and mailed to the following addresses: Redwood Financial  
18 Services Inc., 1454 NW 6th Street, Grants Pass, Oregon 97526 and David Prulhiere, 2130  
19 Cullison Lane, Grants Pass, Oregon 97527. The Division received a green card evidencing  
20 receipt of both mailings. Redwood has not made a written request for a contested case hearing  
21 in this matter, and the time to do so has expired.

22 **FINDINGS OF FACT**

23 The Director FINDS that:

- 24 1. Redwood Financial Services Inc. (hereinafter "Redwood") is an Oregon  
25 corporation first registered with the Oregon Secretary of State on May 19, 2005.  
26 2. Redwood obtained an Oregon mortgage broker license from the Division





1 of Finance and Corporate Securities (hereinafter the “Division”) on January 9, 2004, NMLS#  
2 60627.

3 3. Redwood’s principal place of business is listed as 1454 N.W. 6<sup>th</sup> Street, Grants Pass,  
4 Oregon 97526.

5 4. In 2011, the Nationwide Mortgage Licensing System (hereinafter “NMLS”) released  
6 the mortgage call report (hereinafter “MCR”) functionality. The MCR is comprised of  
7 individual reports of activity by state, called Residential Mortgage Loan Activity reports  
8 (hereinafter “RMLA”), that are compiled and submitted by the company to NMLS on a  
9 quarterly basis for each state in which the company does business or sponsors a mortgage loan  
10 originator license.

11 5. The intent was for companies to gather data for the first quarter of 2011 (hereinafter  
12 “Q1”), and Q1 reports would be due 45 days after the end of Q1.

13 6. The NMLS online Resource Center provided the following time frames and due  
14 dates for licensed companies’ MCRs. Q1 data dates from January 1 through March 31, and the  
15 MCR is due on May 15, 2011. Quarter two (hereinafter “Q2”) data dates from April 1 through  
16 June 30, and the MCR is due on August 14, 2011.

17 7. On January 12, 2011, the Division sent an e-mail to the e-mail address of record in  
18 NMLS to each Oregon licensed mortgage broker notifying them of the MCR requirements.  
19 In this case, the email was sent to [MelissaK@redwoodfs.com](mailto:MelissaK@redwoodfs.com) which has been the e-mail address  
20 of record for Redwood at all times relevant to this order.

21 8. On February 17, 2011, the Division sent an e-mail to Redwood noting that the  
22 Q1 MCR was due by May 15, 2011.

23 9. On March 9, 2011, the Division sent an e-mail to Redwood notifying the  
24 company that the Winter 2011 newsletter was available on the Division’s website. The Winter  
25 2011 newsletter included an article notifying companies of the MCR requirements.

26 10. In the Spring of 2011, the Division published the Spring newsletter which is mailed



1 to all licensed mortgage brokers and posted on the Division's website. The Spring newsletter  
2 included information notifying the companies employing mortgage loan originators that they  
3 were required to file a quarterly MCR with Q1 data for 2011 in NMLS.

4 11. Due to some technical difficulties NMLS experienced in processing the MCRs, on  
5 May 2, 2011, the Division sent an email to Redwood notifying that the deadline to file the Q1  
6 MCR was extended to August 14, 2011. This was also the deadline for the Q2 MCR.

7 12. On May 13, 2011, the Division again sent an e-mail to Redwood notifying them  
8 that the new deadline to file the Q1 MCR was extended to August 14, 2011.

9 13. Since Redwood had not filed the Q1 MCR, on July 14, 2011, the Division placed a  
10 deficiency in NMLS notifying the company of the Q1 MCR requirement that was due on  
11 August 14, 2011. On the same day, the Division sent an e-mail to Redwood notifying them of  
12 the Q1 MCR requirement due on August 14, 2011.

13 14. On August 2, 2011, the Division sent Redwood an e-mail notifying them of the  
14 requirement to file the Q1 RMLA for Oregon of the MCR.

15 15. On August 17, 2011, the Division sent Redwood a letter to the address of record  
16 in NMLS notifying them that they are required to file the MCR, including Q1 RMLA for  
17 Oregon. The letter reported that if Redwood did not file by September 23, 2011, the matter  
18 would be referred for enforcement action. The matter was referred for enforcement on October  
19 7, 2011.

20 16. Redwood filed the Q1 MCR on June 7, 2013.

## 21 CONCLUSIONS OF LAW

22 The Director CONCLUDES that:

23 1. By failing to file the Q1 MCR including RMLA for Oregon in NMLS by August 14,  
24 2011, Redwood violated ORS 86A.239(2).

## 25 ORDERS

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



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The Director, pursuant to ORS 86A.127, hereby ORDERS Redwood to Cease and Desist from violating Oregon’s Mortgage Lender Law.

The Director, pursuant to ORS 86A.992, may assess civil penalties of up to \$5,000 per violation of the Oregon Mortgage Lender Law. Further, the Director may assess civil penalties of up to \$20,000 for a continuing violation of the Oregon Mortgage Lender law.

The Director, pursuant to ORS 86A.992(1) and ORS 86A.992(2), hereby orders Redwood to pay a civil penalty of \$5,000 for the violation of ORS 86A.239(2).

Dated this 8th day of April, 2014.

PATRICK M. ALLEN, Director  
Department of Consumer and Business Services

/s/ David Tatman  
David C. Tatman, Administrator  
Division of Finance and Corporate Securities

NOTICE: You may be entitled to judicial review of this Order. Judicial review may be obtained by filing a petition with the Court of Appeals in Salem, Oregon within 60 days from the service of this Order. Judicial review is pursuant to the provisions of ORS 183.482 to the Oregon Court of Appeals.