

STATE OF OREGON  
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
DIVISION OF FINANCE AND CORPORATE SECURITIES  
MORTGAGE LENDING SECTION

BEFORE THE DIRECTOR OF THE DEPARTMENT  
OF CONSUMER AND BUSINESS SERVICES

In the Matter of:

Flagship Financial Group, LLC

NMLS# 3133

Respondent.

M-15-0066

ORDER ACCEPTING MORTGAGE  
BANKER/BROKER LICENSE  
SURRENDER, ORDER ASSESSING CIVIL  
PENALTIES, AND  
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 Flagship Financial Group, LLC (hereinafter “Flagship”) and determined that Flagship engaged in activities contrary to ORS 86A.100 et seq. and OAR 441-850-0005 through 441-885-0010 (hereinafter collectively cited as the “Oregon Mortgage Lender Law”); and

WHEREAS, Flagship, independent of any alleged violations, has requested to voluntarily surrender its mortgage banker/broker license in the state of Oregon; and

WHEREAS, without any admission of fault or liability, Flagship wishes to finally resolve and settle this matter with the Director, as is required to voluntarily surrender its license;

NOW THEREFORE, as evidenced by the authorized signature subscribed on this order, Flagship hereby CONSENTS to entry of this order upon the Director’s Findings of Fact and Conclusions of Law as stated hereinafter:

FINDINGS OF FACT

The Director FINDS that:

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 1. Flagship is a Utah Limited Liability Company with a principal place of business located  
2 at 3130 West Maple Loop Drive, Suite 200, Lehi, UT 84043.

3 2. Flagship, NMLS #3133, received an Oregon mortgage banker/broker license from the  
4 Oregon Division of Finance and Corporate Securities (hereinafter "Division") on February 1,  
5 2002.

6 3. Flagship notified the Division on May 7, 2015 that it intended to voluntarily surrender its  
7 mortgage lender/broker license.

8 4. The Division received a complaint from an Oregon resident (hereinafter "M.K.")  
9 regarding a 2013 VA refinance loan transaction he completed with Flagship.

10 5. M.K. reported that he received a mailer from Flagship advertising an offer for a 2.75%  
11 fixed rate VA refinance loan.

12 6. M.K. responded to the ad, and on May 29, 2013, Flagship emailed him a loan application  
13 and disclosures to fill out for a 2.75% fixed rate VA refinance loan.

14 7. He reviewed and signed the loan documents on May 29, 2013 and sent them to Flagship  
15 on May 30, 2013.

16 8. The interest rate lock/float agreement form for a 2.75% fixed rate refinance was  
17 among the documents that M.K. signed on May 29, 2013.

18 9. The interest rate lock/float agreement is dated May 29, 2013 and the lock's expiration  
19 date is also listed as May 29, 2013.

20 10. From May 29, 2013 through June 3, 2013, M.K. received at least one email from  
21 Flagship's loan originator indicating that M.K. was on track to receive the 2.75% fixed interest  
22 rate loan as offered.

23 11. On June 10, 2013, the loan originator contacted M.K. to tell him that his loan failed the  
24 VA's "Net Tangible Benefits Test," so he was not eligible for the 2.75% interest rate, but that his  
25 loan was "relocked" with 3.25% fixed interest rate.

26 12. Flagship later reported to the Division that the loan originator's explanation to M.K.



1 regarding the Flagship's 2.75% fixed rate loan offer and the failed Net Tangible Benefits Test  
2 was incorrect.

3 13. By the time the lock for M.K.'s loan was formally requested by the loan originator, the  
4 limited funds available for a pool of mortgages through Flagship with a fixed rate of 2.75% were  
5 already allocated to other loans, so this rate was no longer available to M.K.

6 14. M.K. reported that Flagship had not explained this to him before he filed his complaint.

7 15. M.K.'s VA refinance loan closed with a fixed 3.25% rate in July 2013.

8 16. Flagship reported that the loan originator no longer works for Flagship and that Flagship  
9 has enhanced its policies for disclosure, quality control review, and employee training.

#### 10 CONCLUSIONS OF LAW

11 The Director CONCLUDES that:

12 1. Flagship's act of setting both the interest rate lock date and the interest rate lock  
13 expiration date as May 29, 2013 on interest rate lock/float agreement for M.K.'s loan and the  
14 incorrect explanation to M.K. for why he was not ineligible for the 2.75% fixed rate refinance  
15 loan offer constitutes unfair or unethical activity in connection with the mortgage business in  
16 violation of ORS 86A.115(2).

#### 17 ORDER

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

19 The Director accepts the voluntary surrender of Flagship's Oregon mortgage  
20 banker/mortgage broker license.

21 The Director, pursuant to ORS 86A.127, hereby orders Flagship to Cease and Desist from  
22 violating the Oregon Mortgage Lender Law.

23 The Director, pursuant to ORS 86A.992, may assess civil penalties of up to \$5,000 per  
24 violation of the Oregon Mortgage Lender Law. Pursuant to this provision, the Director hereby  
25 orders Flagship to pay a civil penalty of \$5,000 for the activity the Director deems to be in  
26 violation of ORS 86A.115(2).



1 The entry of this Order in no way limits further remedies which may be available to the  
2 Director under Oregon law.

3 Dated this 3<sup>rd</sup> day of August, 2015

4  
5 PATRICK M. ALLEN, Director  
6 Department of Consumer and Business Services

7  
8 /s/ David Tatman  
9 David C. Tatman, Administrator  
10 Division of Finance and Corporate Securities

11 ENTITY CONSENT TO ENTRY OF ORDER

12 I, William Farrar, state that I am an officer of Flagship, and I am  
13 authorized to act on its behalf. I have read the foregoing order and that I know and fully  
14 understand the contents hereof. I have been advised of the right to a hearing and of the right to  
15 be represented by counsel in this matter. Flagship voluntarily and without any force or duress  
16 consents to the entry of this order expressly waiving any right to a hearing in this matter.  
17 Flagship understands that the Director reserves the right to take further actions to enforce this  
18 order or to take appropriate action upon discovery of other violations of the Oregon Mortgage  
19 Lender Law. Flagship will fully comply with the terms and conditions stated herein.

20 Flagship further assures the Director that neither Flagship, nor its officers, directors,  
21 employees, or agents will effect mortgage transactions in Oregon unless such activities are in  
22 full compliance with the Oregon Mortgage Lender Law. Flagship understands that this Consent  
23 Order is a public document.

24 Dated this 28 day of July, 2015.

25 By /s/ William Farrar  
26 President  
Office Held

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ENTITY ACKNOWLEDGMENT

There appeared before me this 28 day of July 2015,

William Farrar, who was first duly sworn on oath, and stated that (s)he was and is an officer of Flagship and that (s)he is authorized and empowered to sign this Consent to Entry of Order on behalf of Flagship and to bind Flagship to the terms hereof.

/s/ Mary Ashley Morgan

Notary Public for the State of: Utah  
My commission expires: 5/23/17

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