

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of:

DM-15-0132

Liberty One Mortgage and www.LibertyOneMortgage.com,

Final Order to Cease and Desist and
Final Order Assessing Civil Penalties
Entered on Default

Respondents.

On December 4, 2015, the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter “the Director”), acting pursuant to the authority contained in the Oregon Mortgage Lender Law, Oregon Revised Statutes (“ORS”) 86A.100 *et seq.*, and Oregon Administrative Rules (“OAR”) 441-850-0005 through 441-885-0010 (hereinafter “the Oregon Mortgage Lender Law”) and ORS 697.602 to 697.842 and OAR 441-910-0000 through 441-910-0120 (hereinafter “the Oregon Debt Management Service Provider law”), issued Administrative Order No. DM-15-0132, (Order) Order to Cease and Desist, Proposed Order Assessing Civil Penalties and Notice of Right to a Hearing for Liberty One Mortgage and www.LibertyOneMortgage.com.

On December 7, 2015, a true copy of the Order was mailed by regular, first-class mail and by certified mail postage prepaid addressed to Liberty One Mortgage, 11012 Ventura Blvd., Suite 68, Studio City, CA 91604; Liberty One Mortgage, 11138 Ventura Blvd., Studio City, CA 91604; and Alejandro Flores, 522 S 6th Street, Apt. D, Montebello, CA 90604.

The return receipt post cards for the documents sent to Liberty One Mortgage at 11012 Ventura Blvd., Suite 68, Studio City, CA 91604 and at 11138 Ventura Blvd., Studio City, CA 91604, were signed for on December 10, 2015. The return receipt post card sent to Alejandro Flores at 522 S 6th Street, Apt. D, Montebello, CA 90604 was signed for on December 11, 2015. No request for a hearing has been received by the Division and the time to request a hearing has now passed.



1 **FINDINGS OF FACTS**

2
3 The Director finds that:

4 1. At all times material to this Order, Liberty Mortgage (Liberty) reported a principal
5 place of business of 11138 Ventura Blvd., Studio City, California 91604.

6 2. Liberty has never held a license to engage in residential mortgage transactions as a
7 mortgage broker in Oregon.

8 3. Liberty has never been registered to provide debt management services in Oregon.

9 4. At all times material to this order, Liberty operated a website at www.LibertyOne
10 Mortgage.com and continues to do so as of the date of this order.

11 5. Liberty’s website is misleading in that it states, among other things, that Liberty is a
12 medium to large-sized mortgage banker that generates over a \$1billion annually and that Liberty
13 is approved by the FHA, VA, FNMA, Freddie Mac, PHFA and many other lending authorities to
14 originate mortgage loans, when in fact Liberty is not licensed in the Nationwide Mortgage
15 Licensing and Registry (NMLS) system to originate mortgage loans and does not provide any
16 services to consumers. The website invites consumers to provide their contact information to
17 Liberty but Liberty does not provide its contact information to the consumer. The consumer must
18 wait for Liberty to contact them.

19 6. At all times material to this order, consumers EW and LW were Oregon residents and
20 were party to a home mortgage loan secured by real estate located in Oregon.

21 7. On or about December 15, 2014, Oregon consumers EW and LW were contacted via
22 telephone by Justin Williams (Williams), Home Loan Specialist II for Liberty, regarding a
23 refinance of the loan for the couple’s residential property located in Salem, Oregon.

24 8. The couple was attempting a home loan modification and told Williams that they would
25 not know until January if the modification they were seeking was approved.

26 //





1 9. One or about January 15, 2015, a representative of Liberty called the LW. LW told the
2 representative that the modification did not go through, and the representative put LW in touch
3 with Williams.

4 10. On or about January 27, 2015, Williams sent EW and LW loan modification documents
5 to complete and return along with a check for \$1,500 which the couple did.

6 11. LW and Williams exchanged phone calls and e-mails and then on approximately
7 February 12, 2015, Williams told LW that he wanted to discuss a buy-out option in regard to
8 the couples' second mortgage on their residential property located in Oregon.

9 12. On or about February 16, 2015, Williams e-mailed information regarding the buy-out
10 of the couple's second mortgage along with a note not to pay the \$1,500 fee because the couple
11 had already paid for the fee for the service agreement. However, Williams told the couple that
12 the buy-out option would cost them \$6,554.48.

13 13. LW obtained a personal loan for the buy-out option, and on March 2, 2015, sent a
14 check to Williams by priority mail in the amount of \$6,554.48 for the buy-out.

15 14. The check was lost by the post office so LW requested a stop payment order and issued
16 a new check that Williams received on behalf of Liberty. Williams confirmed to LW that he
17 received the new check on March 10, 2015.

18 15. On or about April 10, 2015, LW contacted Williams and demanded the couple's money
19 be returned because they had not received any further paperwork from Liberty. Williams told
20 LW he would check into the matter and get back to her within an hour. The couple had no
21 further contact from Williams or Liberty.

22 16. On or about April 14, 2015, LW contacted the couple's second mortgage company and
23 discovered that they had never been contacted by Williams or any representative from Liberty.
24 LW then contacted the first mortgage company and learned that the first mortgage company
25 had never been contacted by Williams or any representative of Liberty.

26 //

1 17. The couple did not receive a loan modification, a buy-out of their second mortgage, or a
2 refund from Liberty.

3 18. On August 20, 2014, the Director entered a Default Order against Liberty in case
4 number M-14-0031 involving the same company regarding very similar facts.

5 19. On June 8, 2015, the Department of Banking and Finance for the State of
6 Georgia issued an Order to Cease and Desist against Liberty for similar activities as alleged in
7 the two Oregon cases.

8
9 **CONCLUSIONS OF LAW**

10 The Director concludes that:

11 1. Liberty acted as a “mortgage broker” under ORS 86A.100(5)(a)(C)
12 when Liberty for compensation, or in the expectation of compensation, either directly or
13 indirectly made, negotiated, or offered to make or negotiate a modification to the terms and
14 conditions of a mortgage loan.

15 2. Liberty engaged in “residential mortgage transactions in this state” under ORS
16 86A.103(2) by acting as a mortgage broker when Liberty offered to negotiate a modification to
17 the terms and conditions of EW and LW residential mortgage loan secured by property located
18 in Oregon.

19 3. Liberty violated ORS 86A.103(1) by engaging in residential mortgage transactions in
20 Oregon without first obtaining a license as a mortgage broker under ORS 86A.095 to 86A.198.

21 4. Liberty violated ORS 86A.115(3) by failing to comply with the Director’s Default
22 Order to cease and desist from violating Oregon’s Mortgage Lending laws issued in Case No.
23 M-14-0031 dated August 20, 2014.

24 5. Liberty has control of the information contained on its website and the information put
25 on the website is misleading to consumers.
26





1 6. By allowing its website to publish untrue statements, Liberty engaged in acts or a
2 course of business that operates as a fraud or deceit on persons in violation of ORS
3 86A.154(3).

4 7. Liberty engaged in debt management services when it received money from EW and
5 LW for modifying or offering to modify the terms and conditions of an existing Oregon loan
6 under ORS 697.602(2)(c).

7 8. Liberty violated ORS 697.612(1)(a) by performing a debt management service in
8 Oregon for consumers EW and LW without being registered with the Director to provide such
9 a service.

10 9. Liberty violated ORS 697.612(1)(b)(E) by providing advice, assistance, instruction or
11 instruction material regarding a debt management service to Oregon consumers EW and LW
12 when Liberty was not registered as Oregon debt management service providers.

13 10. By allowing its website to publish, distribute or broadcast false statements, Liberty
14 violated ORS 697.662(12)(a).

15 11. Liberty violated ORS 697.692(1)(a) by accepting or receiving an initial fee of more than
16 \$50 from EW and LW.

17
18 **ORDER**

19 NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDER:

20 1. Pursuant to ORS 86A.127(4) and 697.825(1)(a), the Director hereby orders Liberty
21 and all entities owned or controlled by Liberty. Including Liberty's website, to cease and desist
22 from violating the Oregon statutes regulating mortgage lending, ORS 86A.100 et seq., and debt
23 management service providers, ORS 697.602 to 697.842.

24 2. Pursuant to ORS 86A.992, the Director may assess a civil penalty in the amount of not
25 more than \$5,000 per violation against any person who violates or who procures, aids or abets
26 in the violation of any provision of ORS 86A.095 to 86A.198 or any rule or order issued under

1 ORS 86A.124 or 86A.242. Pursuant to the authority of ORS 697.832, the Director may assess a
2 civil penalty in an amount of not more than \$5,000 per violation against any person who
3 violates ORS 697.612 or 697.642 to 697.702, rules adopted under ORS 697.632, or any order
4 issued under ORS 697.825.

5 3. The Director orders Respondent to pay a civil penalty in the amount of
6 \$25,000 as follows:

- 7 a. \$5,000 for one violation of ORS 86A.103(1), ORS 697.612(1)(b)(E), or ORS
8 697.612(1)(a);
- 9 b. \$5,000 for one violation of ORS 86A.115(3);
- 10 c. \$5,000 for one violation of ORS 86A.154(3);
- 11 d. \$5,000 for one violation of ORS 697.662.(12)(a);
- 12 e. \$5,000 for one violation of ORS 697.692(1)(a).

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

15 Dated this 26 day of January, 2016 at Salem, Oregon.

16
17 PATRICK M. ALLEN, Director
18 Department of Consumer and Business Services

19 /s/ Laura N. Cali
20 Laura N. Cali, Administrator
21 Division of Financial Regulation

22 NOTICE: You may be entitled to judicial review of this Order. Judicial review may be
23 obtained by filing a petition with the Court of Appeals in Salem, Oregon within 60 days from
24 the service of this Order. Judicial review is pursuant to the provisions of ORS 183.482 to the
25 Oregon Court of Appeals.
26

