

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

In the Matter of:

Case No. M-16-0204

Eastside Funding, LLC,

Respondent.

ORDER TO CEASE AND DESIST,  
FINAL ORDER ASSESSING CIVIL  
PENALTIES AND CONSENT TO  
ENTRY OF ORDER

The Director of the Department of Consumer and Business Services for the State of Oregon (“Director”) conducted an investigation of Eastside Funding, LLC (“Eastside”) and determined that Eastside engaged in activities constituting a violation of 86A.100 et seq. and OAR 441-850-0005 through 441-885-0010 (hereinafter collectively cited as the “Oregon Mortgage Lender Law”) and Eastside wishes to resolve and settle this matter with the Director.

Eastside wishes to resolve and settle this matter with the Director.

Now, therefore, as evidenced by the signature(s) subscribed on this Order, Applicant hereby CONSENTS to entry of this Order.

FINDINGS OF FACT

The Director FINDS that:

1. Eastside is a foreign limited liability corporation registered in Washington since May 4, 2004, with a principal place of business of 3933 Lake Washington Blvd. NE, Ste. 100, Kirkland, WA 98033. Hugh Stewart (“Stewart”) and Brian Jessen (“Jessen”) are listed as the limited liability corporation members.

2. Eastside is not registered with the Oregon Secretary of State’s office to do business in Oregon and has never been licensed with the Division of Financial Regulation

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1 (“Division”) to provide lending services secured by residential property in Oregon.

2 3. On or about January 27, 2016, the Division learned that Eastside was  
3 engaging in mortgage lending activity involving Oregon residents or making loans on  
4 residential property located in Oregon.

5 4. A review of the Nationwide Multistate Licensing System & Registry  
6 (“NMLS”) revealed no records or licensing information in any jurisdiction for Eastside,  
7 Stewart or Jessen.

8 5. Eastside’s website indicates that the company provides short-term private  
9 money loans to investors to buy distressed or foreclosed real estate properties.

10 6. In a response to an inquiry by the Division, Eastside revealed that it had  
11 engaged in 284 instances of unlicensed mortgage lending activity in Oregon from  
12 approximately January 1, 2010 through January of 2015. Jessen stated that the loans  
13 were made to investors only for investment purposes only and was unaware that licensing  
14 was required in Oregon because Washington did not require that the company be  
15 licensed.

16  
17 **CONCLUSIONS OF LAW**

18 The Director CONCLUDES that:

19 7. Eastside acted as a “mortgage broker” under ORS 86A.100(5)(a)(C) when it  
20 for compensation, or in the expectation of compensation, either directly or indirectly  
21 made, negotiated, or offered to make or negotiate a mortgage loan.

22 8. Eastside engaged in “residential mortgage transactions in this state” under  
23 ORS 86A.103(2) by acting as a mortgage broker when Eastside negotiated a modification  
24 to the terms and conditions of 284 mortgage loans secured by residential property located  
25 in Oregon.

26 9. Under ORS 86A.103, it is unlawful for any person to engage in residential

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1 mortgage transactions in this state as a mortgage banker or mortgage broker unless the  
2 person is licensed. Eastside violated ORS 86A.103 by issuing 284 loans involving  
3 Oregon residential properties.

4 10. The Director, pursuant to ORS 86A.224(3) and 86A.992 may assess civil  
5 penalties of up to \$5,000 per violation for each separate instance of violation, up to a  
6 maximum of \$20,000 for a continuing violation.

7  
8 **ORDERS**

9 Now therefore, the Director issues the following Orders:

10 11. The Director, pursuant to ORS 86A.127, hereby orders Eastside to cease and  
11 desist from violating Oregon's Mortgage Lender Law.

12 12. Based upon the foregoing and in accordance with ORS 86A.224(3) and  
13 86A.992, the Director ORDERS a CIVIL PENALTY of \$85,200 (\$300 per violation) for  
14 providing residential mortgages without being licensed.

15 13. The Director agrees to SUSPEND the collection of \$56,800 of the \$85,200  
16 CIVIL PENALTY assessed herein upon the condition that Eastside commit no new  
17 violations of the Oregon Mortgage Lender Law or any administrative rules adopted  
18 thereunder.

19 14. If Eastside complies with all of the terms and conditions set out in this Order  
20 and commit no violations of the Oregon Mortgage Lender Law during the three (3) year  
21 period from the date of issuance of this Order, the Director hereby agrees to WAIVE the  
22 \$56,800 suspended CIVIL PENALTY.

23 15. The Director reserves the right to immediately assess and collect the \$56,800  
24 suspended CIVIL PENALTY upon a determination that Eastside has violated any term of  
25 this Order.  
26

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1 16. The remaining portion of the CIVIL PENALTY assessed against Eastside in  
2 the amount of \$28,400 is due and payable to the Department of Consumer and Business  
3 Services at the time this Order is returned to the Division.

4 17. Eastside shall either obtain an Oregon Mortgage Broker license and Oregon  
5 Loan Originator license at the time the Consent Order is submitted to the Director or shall  
6 remove all references to Oregon, or add a disclosure excluding Oregon from a serviced  
7 state, on its website and any other websites that promote Eastside, including Vestus.com,  
8 no later than June 30, 2016.

9 18. If Eastside does not obtain a license or remove all references to Oregon  
10 residential loans, or add a disclosure excluding Oregon from a serviced state, on their  
11 website and any website that advertises their service, including Vestus.com, within the  
12 timeline set out above, then pursuant to ORS 86A.992(3), Eastside shall pay a civil  
13 penalty of \$1,000 per month for each month thereafter that Eastside remains unlicensed  
14 or Eastside's website or affiliated websites contain references to Oregon residential loans  
15 up to a maximum civil penalty of \$20,000.

16  
17 SO ORDERED this 20<sup>th</sup> day of May, 2016 in Salem,  
18 Oregon.

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

21  
22 /s/ David Tatman  
David C. Tatman, Chief of Enforcement  
23 Division of Financial Regulation  
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