



Where's the money?

The latest on financing home sales in your community in Oregon
(Seller financing edition)

Kirsten Anderson
Division of Finance and Corporate Securities
October 20, 2014



SAFE Act – Federal Law

- Passed in 2008
- Gave states roughly two years to comply
- Requires loan originator licensing (not company licensing)
 - Requires all states to license loan originators
 - Sets minimum standards for loan originator licensing



SAFE Act – Federal Law

- Applies to residential mortgage loans
 - Loan primarily for personal, family, or household; and
 - Secured by a dwelling or residential real estate upon which is constructed or intended to be constructed a dwelling
 - Includes manufactured structures



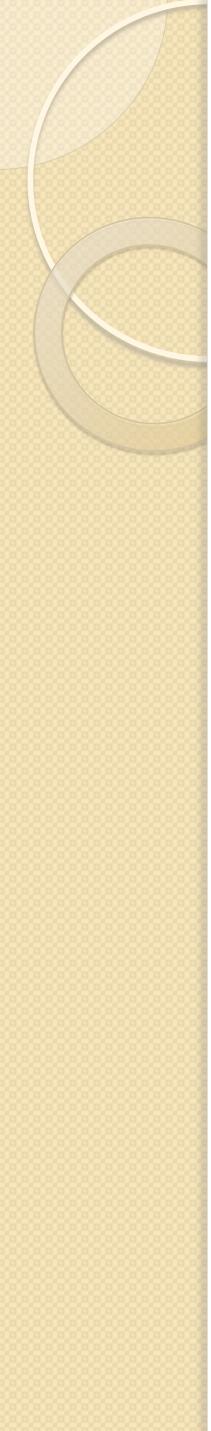
SAFE Act – Federal Law

Mortgage Loan Originator:

(i) an individual who—

- (I) takes a residential mortgage loan application; and
- (II) offers or negotiates terms of a residential mortgage loan for compensation or gain.

- Examples: “assists a consumer in obtaining or applying to obtain a residential mortgage loan”
 - advising on loan terms (including rates, fees, other costs)
 - preparing loan packages
 - collecting information on behalf of the consumer with regard to a residential mortgage loan.



SAFE Act – Federal Law

Exceptions from definition of loan originator:

- Processor/Underwriter (unless independent contractor)
- Real estate agent (limited exception)
 - Only real estate brokerage activities (does not permit negotiation of financing)
 - Licensed as required by state law
 - No compensation by lender, broker, banker, MLO or agent of these.
- Time Shares
- **Employee of manufactured home retailer who does not take application, offer, advise or negotiate credit terms**
- **Seller Carry (with certain limitations)**



Federal LO Exception – Real Estate Agent

(D) REAL ESTATE BROKERAGE ACTIVITY

Any activity that involves offering or providing real estate brokerage services to the public, including—

- (i) acting as a real estate agent or real estate broker for a buyer, seller, lessor, or lessee of real property;
- (ii) bringing together parties interested in the sale, purchase, lease, rental, or exchange of real property;
- (iii) negotiating, on behalf of any party, any portion of a contract relating to the sale, purchase, lease, rental, or exchange of real property (other than in connection with providing financing with respect to any such transaction);
- (iv) engaging in any activity for which a person engaged in the activity is required to be registered or licensed as a real estate agent or real estate broker under any applicable law; and
- (v) offering to engage in any activity, or act in any capacity, described in clause (i), (ii), (iii), or (iv).



Federal LO Exception – Seller Carry

- Seller Carry – One property (12 CFR 1026.36(a)(2)(5))
 - A natural person, estate, or trust
 - Only one property in any 12-month period
 - Not constructed or acted as a contractor
 - Financing that meets the following requirements:
 - A repayment schedule that does not result in negative amortization.
 - Fixed rate or an adjustable rate that is adjustable after five or more years, subject to reasonable annual and lifetime limitations on interest rate increases. If the financing agreement has an adjustable rate, index is based on is a widely available index such as indices for U.S. Treasury securities or LIBOR.

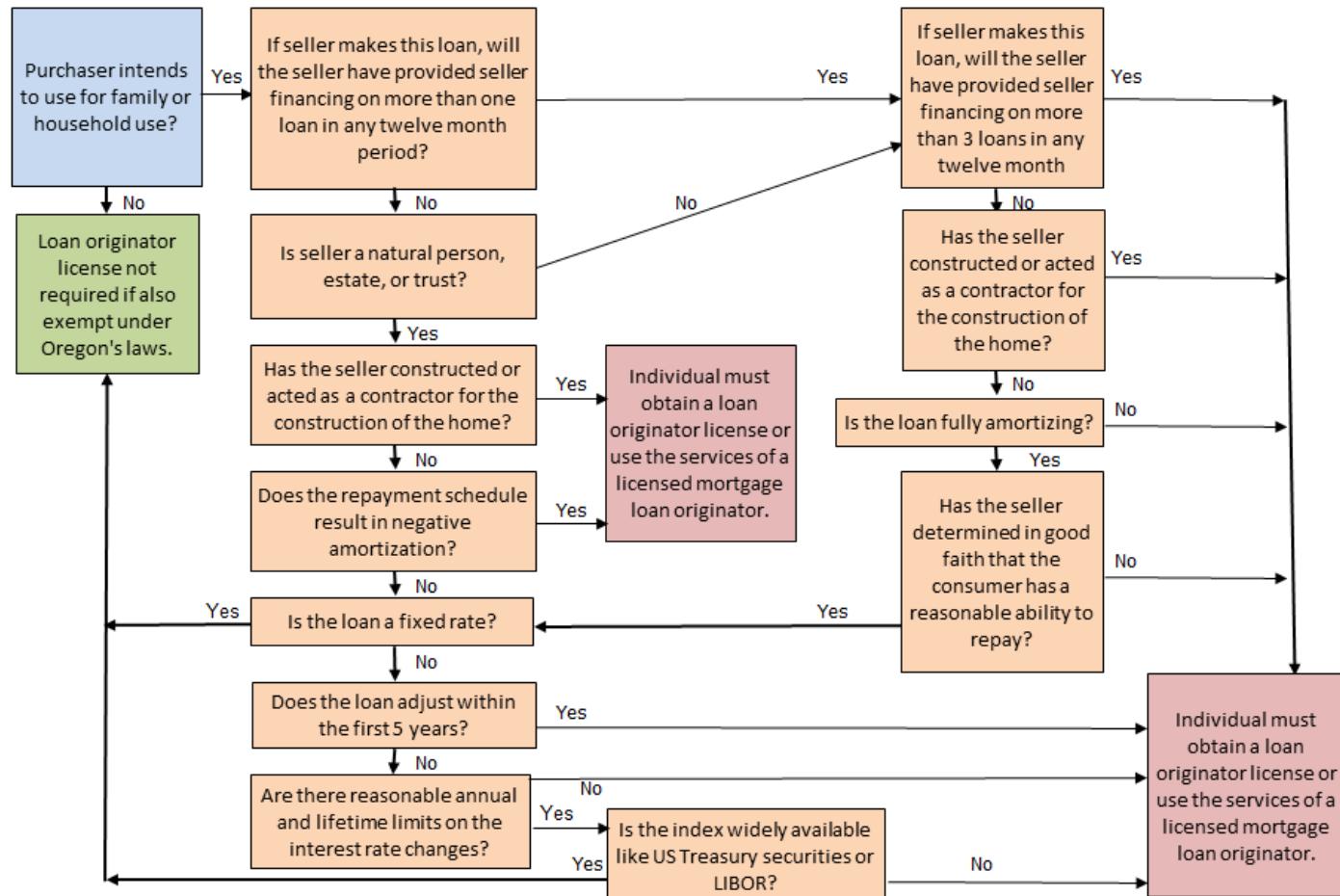


TILA – Seller Carry, Three properties

- Seller Carry – 3 properties (12 CFR 1026.36(a)(2)(4))
 - A person
 - Three or fewer properties in any 12-month period
 - Not constructed or acted as a contractor
 - Financing that meets the following requirements:
 - Fully amortizing
 - Determine in good faith consumer has ability to repay
 - Fixed rate or an adjustable rate that is adjustable after five or more years, subject to reasonable annual and lifetime limitations on interest rate increases. If the financing agreement has an adjustable rate, index is based on is a widely available index such as indices for U.S. Treasury securities or LIBOR.

Federal Flow Chart

Seller Carry Financing under Federal TILA



The Division of Finance and Corporate Securities has made every effort to ensure the material presented in this chart is accurate, but you should consult the statutes and rules to confirm your findings. Nothing in this chart binds the Division or creates any rights, benefits, or defenses, substantive or procedural, that are enforceable by any party in any manner.



If LO Under Federal Law...

- Must be licensed or registered
- Limitations on compensation
- Steering is prohibited



Mortgage Licensing in Oregon

- Licenses required in Oregon
 - Company license
 - Mortgage loan originator license
- All loans secured by residential I-4 real property; includes manufactured homes
 - No personal, family, household test



Oregon Law – Company Licensing

Mortgage banker:

- Makes loan; and
- Sells or services loan

Mortgage broker:

- Sells real estate paper to or accept funds for investment in real estate paper from those other than ORS 59.035(4); or
- Directly or indirectly, for or expecting compensation, makes, negotiates or offers to make or negotiate mortgage loan



Oregon Law – Company Licensing

Exceptions to definition of mortgage
banker and mortgage broker:

- Seller carry (all types)
 - Primary residence
 - Investment property
- Private money loans
 - Own money;
 - Own investment; and
 - Not in the business



Oregon Law – Company Licensing

OAR 441-860-0130 – “Engaging the business” for purpose of private money:

- Loans using own funds;
- No more than 10 loans per 12 month period;
- No advertising; and
- No holding out to be in business
 - No commercial location

Oregon Law – MLO Licensing

ORS 86A.200(4)(a) “Mortgage loan originator” means an individual who, for compensation or gain:

- (A) Takes an application for a residential mortgage loan; or
- (B) Offers or negotiates terms for a residential mortgage loan.



Oregon Law – MLO Licensing

OAR 441-850-0005 Definitions -

(6) “Compensation or gain” means anything of economic value that is paid, loaned, granted, given, donated, or transferred to a person or entity for or inconsideration of services, personal or real property, or another thing of value.



Oregon Law – MLO Licensing

Exceptions to MLO definition:

- Processor/Underwriter
- Real estate agent (limited to real estate activities)
- Time share
- Servicing (modifying own mortgage)



Oregon Law – MLO Licensing

86A.203 License exceptions:

- Registered MLO
- Family member
 - Spouse, child, sibling, parent, grandparent, or similar relationship by law, marriage or adoption
- Licensed attorney
 - Licensed in this state
 - Ancillary matter to representation
 - No compensation from banker, broker, MLO, lender or agent thereof



Oregon Law – MLO Licensing

86A.203 License exceptions:

- Owner occupied – Seller-carry financing on sale of current or past residence of seller
 - No yearly limit, but...
 - May not hold more than 8 loans at any given time
- Non-owner occupied – Seller can provide seller-carry financing on sale of residential property that seller has not occupied (unless/until CFPB changes) limited to:
 - No more than 3 loans in any 12 month period, and
 - May not hold more than 8 loans at any given time.



Oregon Law – MLO Licensing

86A.203 License exceptions (Manufactured Structures):

- An individual who is licensed as a MSD under ORS 446.691 may make non-owner occupied (not necessarily pre-owned homes):
 - 3 loans in 12 month period
 - No more than 8 loans at a time
 - Use compliant written sales agreement for MSD sale
- An individual who is licensed as a limited MSD under ORS 446.706 and has an ownership interest in a manufactured dwelling park (always pre-owned homes)
 - 5 loans in 12 month period
 - Use compliant written sale agreement for MSD sale
 - No more than 12 loans at a time.



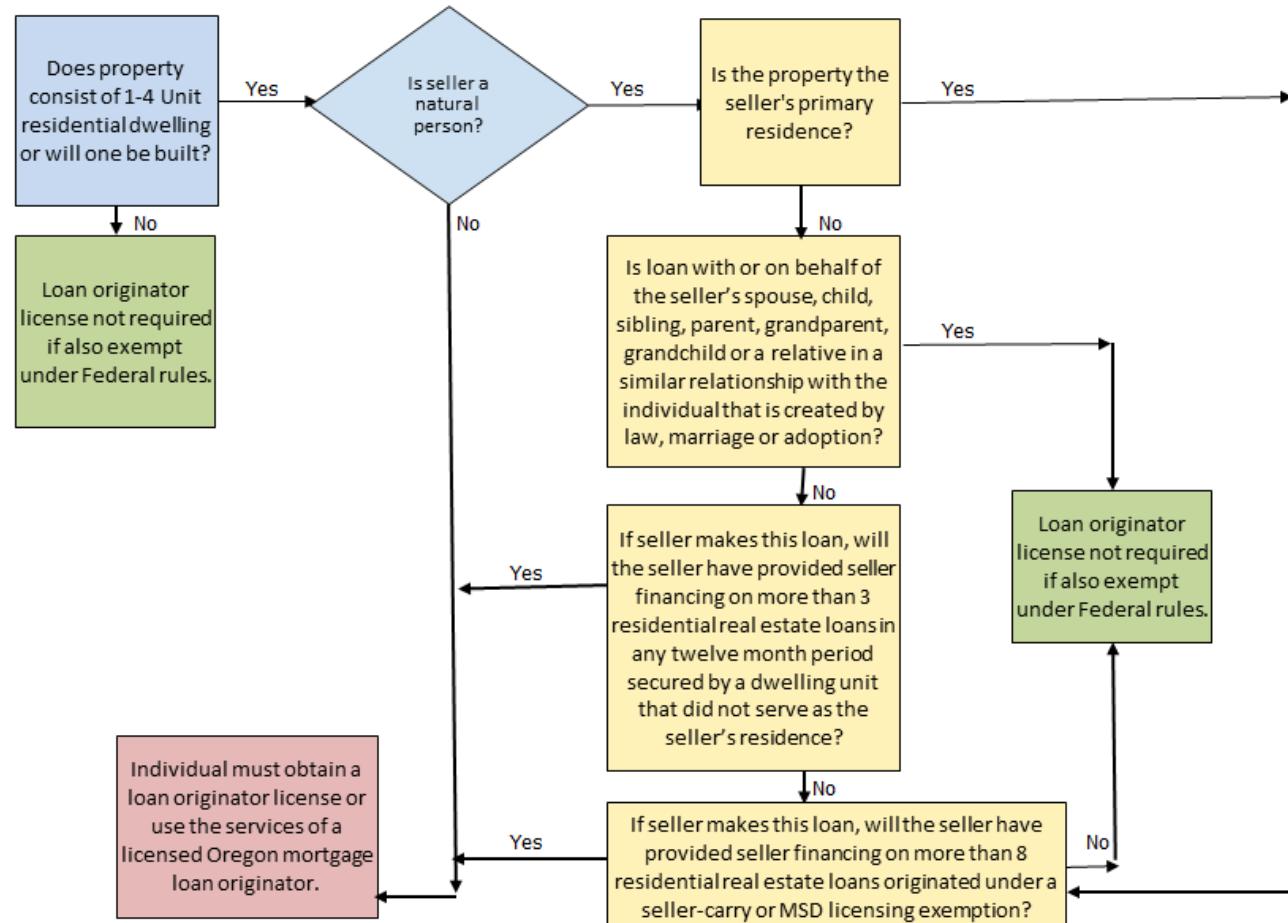
Oregon Law – MLO Licensing

Mortgage loan originators are required to have a license to engage in loan originator activity (ORS 86A.203).

Unlicensed activity may be punished by civil penalty (up to \$5,000 per transaction, \$20,000 for continuing violations), license action (may deny, suspend, condition, revoke a license) or even criminal penalties (class B felony).

Oregon Flow Chart

Oregon Seller Carry Financing



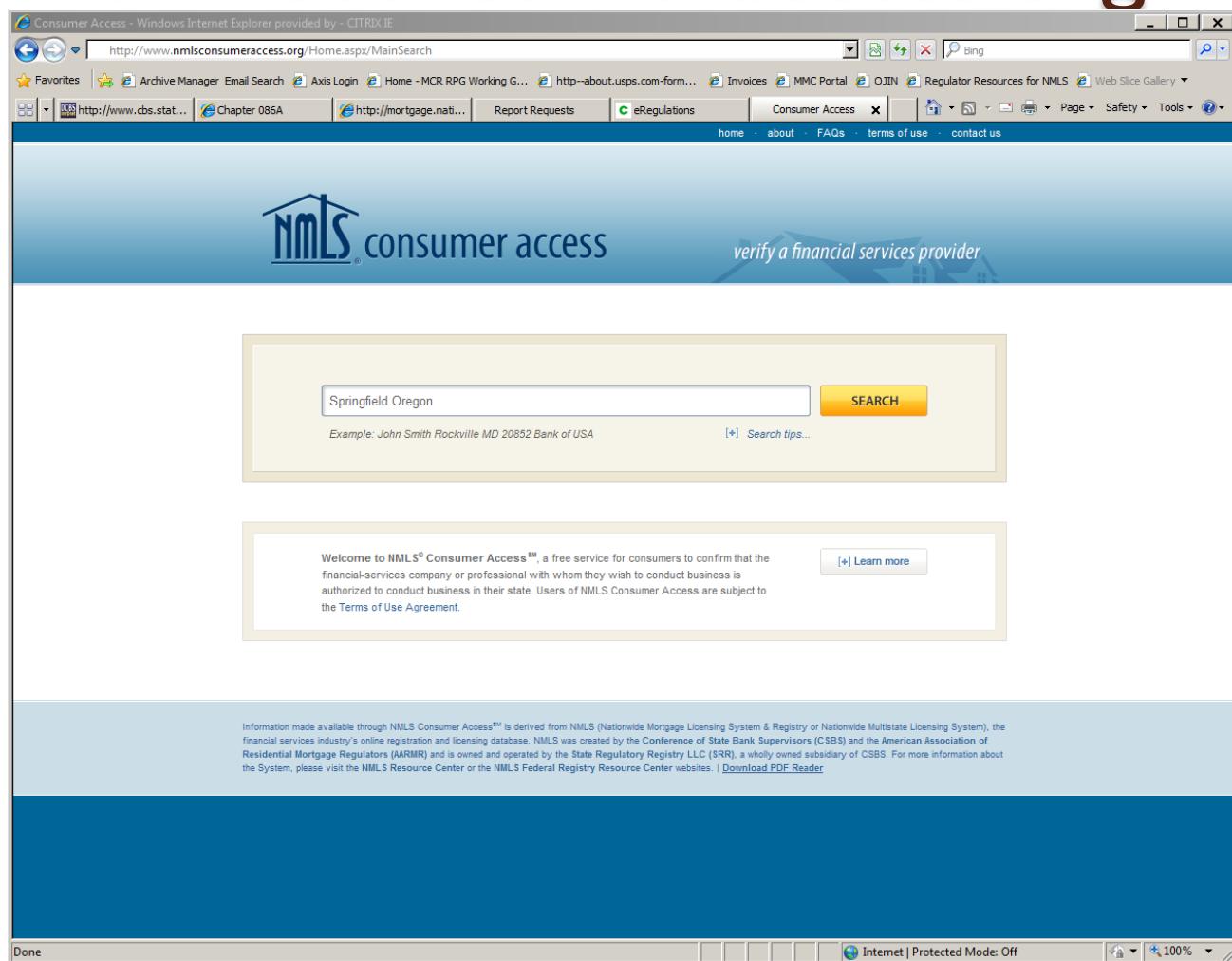
The Division of Finance and Corporate Securities has made every effort to ensure the material presented in this chart is accurate, but you should consult the statutes and rules to confirm your findings. Nothing in this chart binds the Division or creates any rights, benefits, or defenses, substantive or procedural, that are enforceable by any party in any manner.



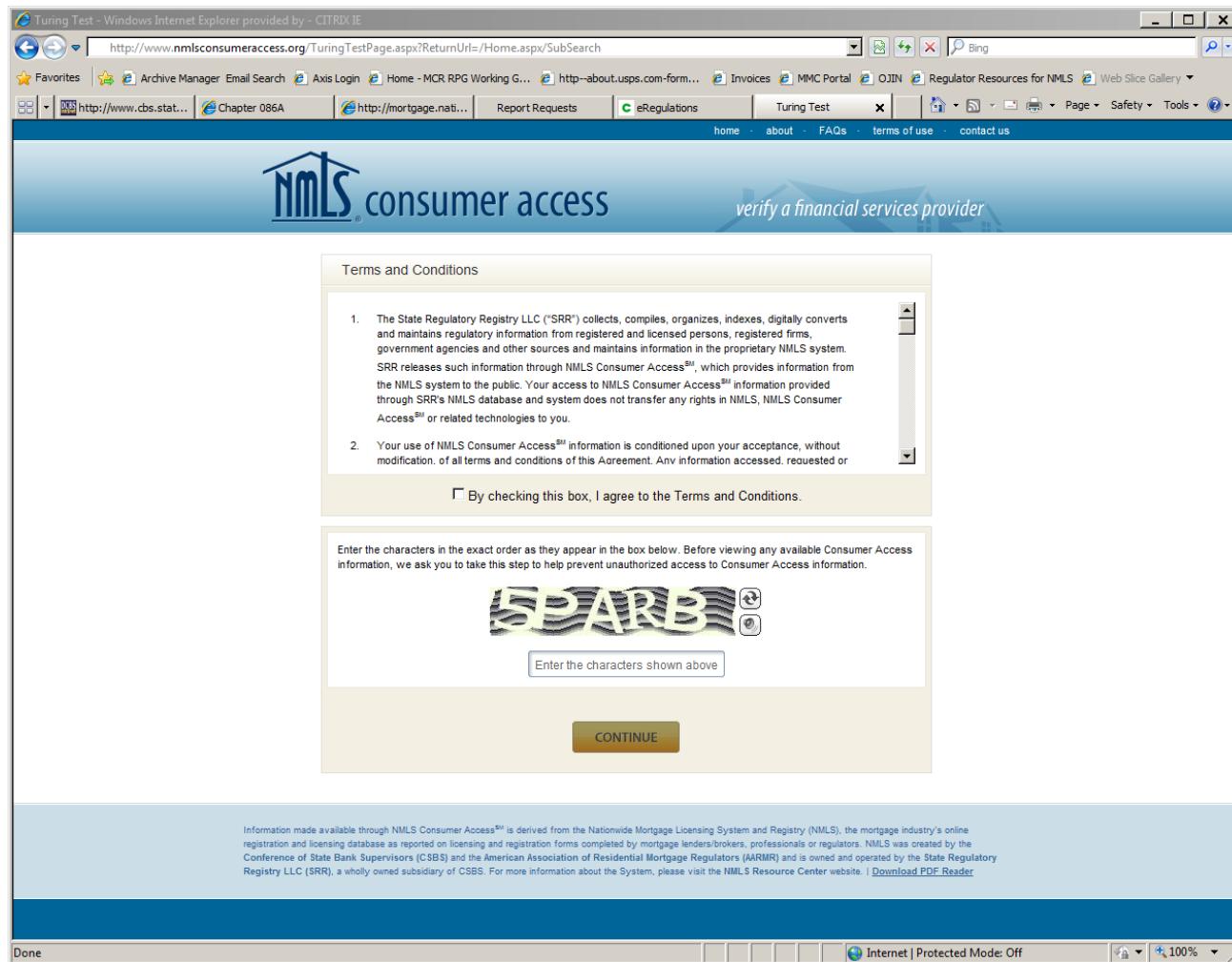
MLO Licensing Requirement

- Complete 20 hours of pre-licensure education;
- Pass an NMLS-approved S.A.F.E. national test;
- Pass an Oregon test;
- Submit fingerprints for an FBI background check;
- Not have a conviction for a felony within the past 7 years or have ever been convicted of a felony that involved an act of fraud, dishonesty, a breach of trust, or money laundering;
- Authorize the NMLS to obtain a credit report;
- Demonstrate financial responsibility;
- Submit an application through NMLS (MU4 Form);
- Have, or be covered by, a surety bond as required by DFCS; and
- Have not had a mortgage license revoked in any state.

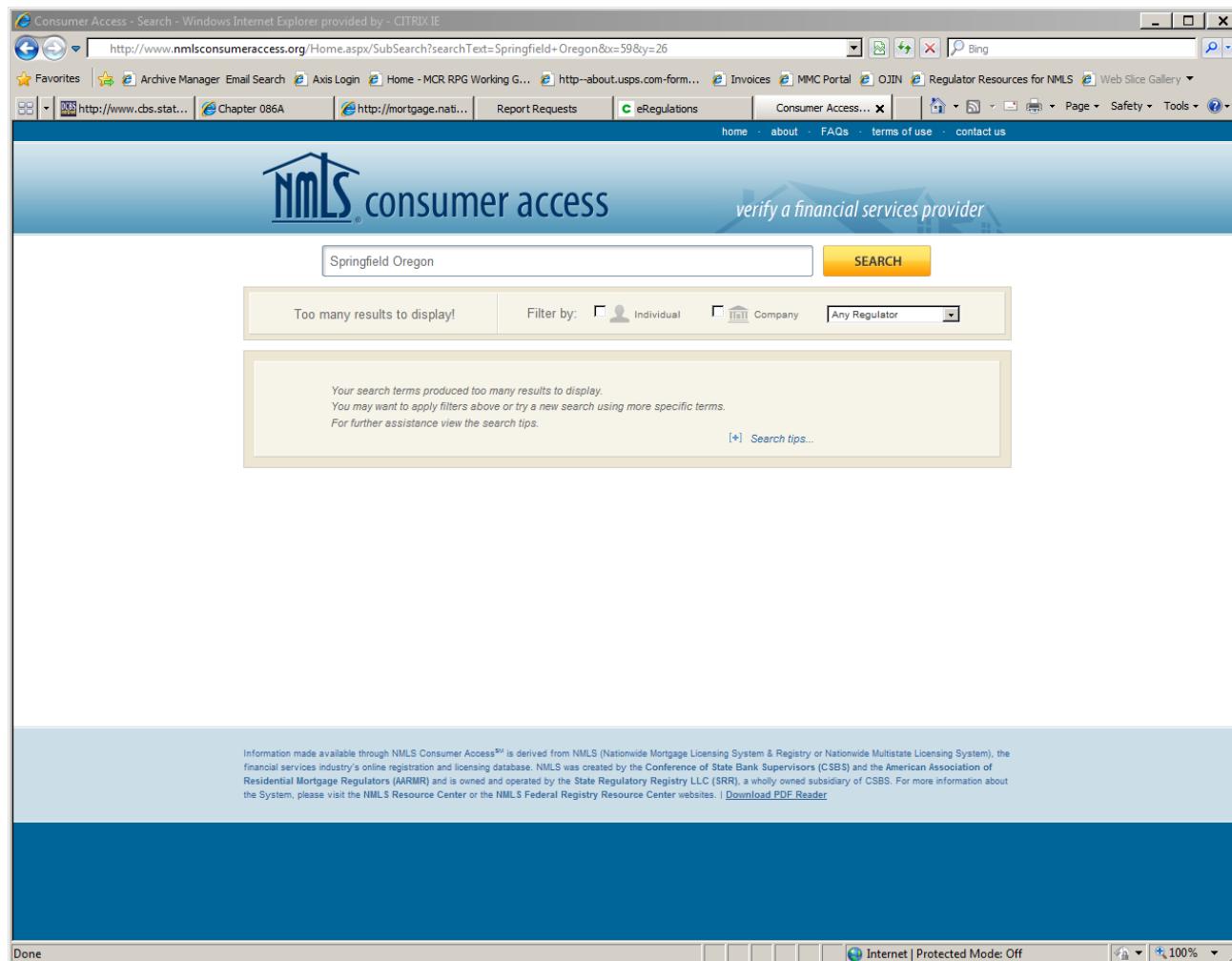
Verify a Company's license: www.nmlsconsumeraccess.org



Verify a Company's license



Verify a Company's license



Verify a Company's license

The screenshot shows the NMLS consumer access website. At the top, there is a blue header with the NMLS logo and the text "consumer access" and "verify a financial services provider". Below the header is a search bar containing the text "Springfield Oregon". To the right of the search bar is a yellow "SEARCH" button. Underneath the search bar, there is a message "Too many results to display!" followed by filter options: "Filter by: Individual" (unchecked), "Company" (checked), and "Any Regulator" (dropdown menu). Below these filters is a "Apply Filter(s)" button. At the bottom of the page, there is a message box containing the text: "Your search terms produced too many results to display. You may want to apply filters above or try a new search using more specific terms. For further assistance view the search tips." To the right of this message is a link "[+] Search tips...".

Verify a Company's license

The screenshot shows a Microsoft Internet Explorer window displaying the NMLS Consumer Access website. The URL in the address bar is <http://www.nmlsconsumeraccess.org/Home.aspx/SubSearch?searchText=Springfield+Oregon&x=59&y=26>. The page title is "Consumer Access - Search". The main content area displays a search result for "Springfield Oregon" with 46 matches found. The results are filtered by "Company" (checked) and "Any Regulator" (selected). The results are listed in a grid format:

Company Name	NMLS ID	Address	Branches
Advanced Investment Corp.	278210	380 Q Street, Suite 240 Springfield, OR 97477	
Brandt Financial Services, Inc.	1176810	806 A Street, Suite A Springfield, OR 97477	
Food Industries Credit Union	865596	3030 Gateway Loop Springfield, OR 97477	
HealthFirst Financial LLC	938410	400 International Way Suite 220 Springfield, OR 97477	OR
Ray Klein, Inc.	1135875	400 International Way Suite 100 Springfield, OR 97477	WA
Northwest Community Credit Union	514386	3660 Gateway Street Springfield, OR 97477	
Register-Guard Federal Credit Union	420886	850 Bettine Road Springfield, OR 97477	
SELCO Mortgage Company LLC	241838	925 Harlow Rd Springfield, OR 97477	
Edgewater Financial Group	240367	17780 Overlook Cir Lake Oswego, OR 97034	OR

At the bottom of the page, there is a note: "Information made available through NMLS® Consumer Access™ is derived from NMLS® (National Multiservice Licensing System) & Registry or Nationwide Multiservice Licensing System™." The status bar at the bottom right shows "Internet | Protected Mode: Off" and "100%".

Verify a Company's license

Consumer Access - Company - Windows Internet Explorer provided by - CITRIX IE
http://www.nmlsconsumeraccess.org/EntityDetails.aspx?COMPANY=278210

Advanced Investment Corp.

NMLS ID: 278210	Street Address: 380 Q Street, Suite 240 Springfield, OR 97477	Phone: 541-343-9714	Website: advancedinvestmentcorp.com
Mailing Address: 380 Q Street, Suite 240 Springfield, OR 97477	Toll-Free Number: 800-824-4441	Fax: 541-349-2498	Email: mwelt20239@aol.com

Other Trade Names: None

Prior Other Trade Names: None

Prior Legal Names: None

Sponsored MLOs: 3

Fiscal Year End: 11/30 Formed in: Oregon, United States Date Formed: 07/26/1984 Stock Symbol: None Business Structure: Corporation

State Regulatory Actions: None posted in NMLS.

Branch Locations: No Branch Locations in NMLS

State Licenses/Registrations (Displaying 1 Active of 1 Total)

Regulator	Lic/Reg Name	Authorized to Conduct Business	Consumer Complaint
Oregon	Mortgage Lending License	Yes	Submit to Regulator

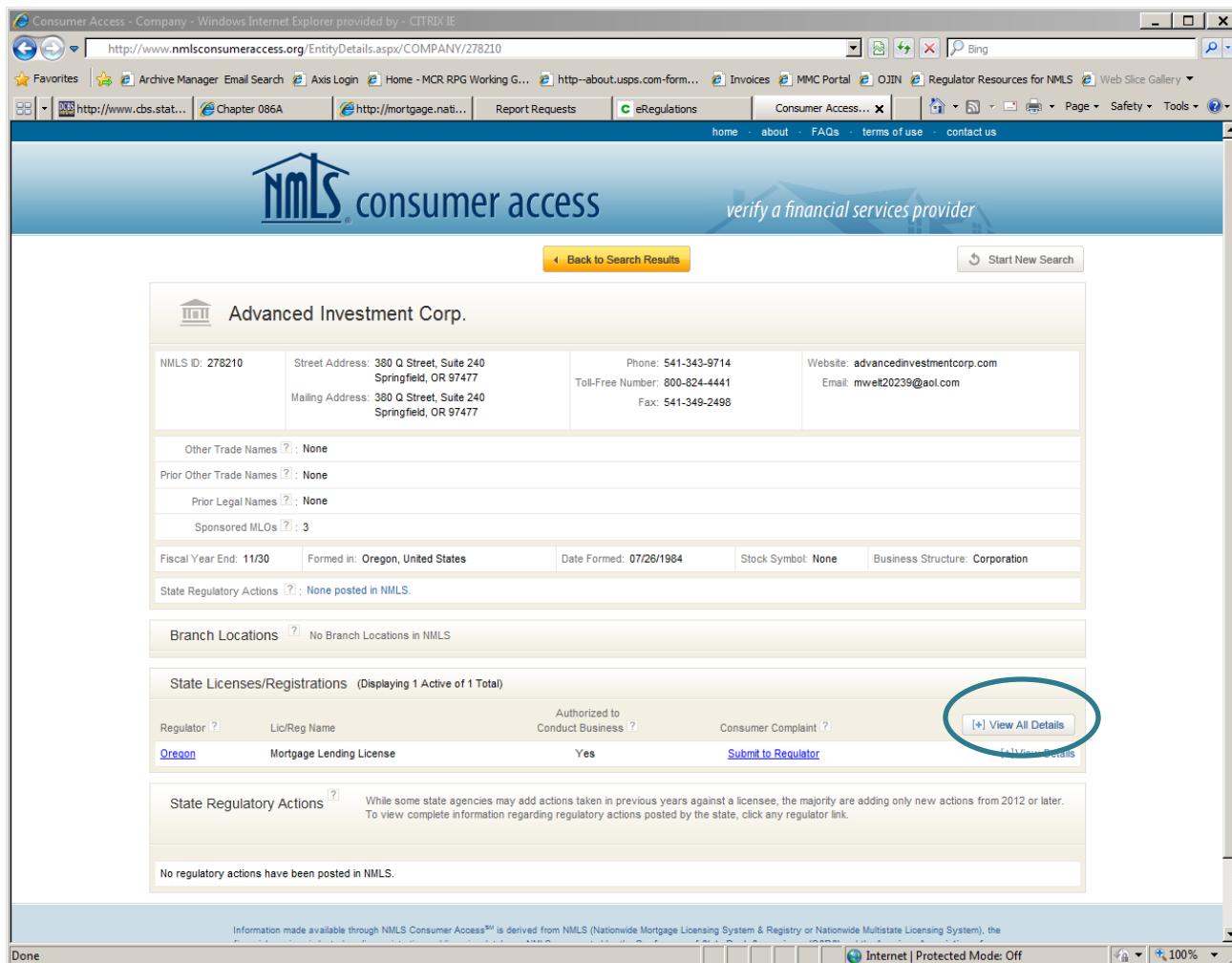
[+] View All Details

State Regulatory Actions: While some state agencies may add actions taken in previous years against a licensee, the majority are adding only new actions from 2012 or later. To view complete information regarding regulatory actions posted by the state, click any regulator link.

No regulatory actions have been posted in NMLS.

Information made available through NMLS Consumer Access™ is derived from NMLS (Nationwide Mortgage Licensing System & Registry or Nationwide Multistate Licensing System), the

Done Internet | Protected Mode: Off 100%



Verify a Company's license

State Licenses/Registrations (Displaying 1 Active of 1 Total)

Regulator ?	Lic/Reg Name	Authorized to Conduct Business ?	Consumer Complaint ?	[–] Hide All Details
Oregon	Mortgage Lending License	Yes	Submit to Regulator	[–] Hide Details
Lic/Reg #: ML-333	Original Issue Date ? : 04/20/1994			
Status ? : Approved	Status Date: 07/08/2014	Renewed Through ? : 2014		
Other Trade Names used in Oregon ? : None				
View Resident/Registered Agent(s) for Service of Process ▶				

Verify a MLO's license - Location

The screenshot shows a Windows Internet Explorer window displaying the NMLS Consumer Access website. The search term "springfield oregon" has been entered into the search bar, resulting in 225 matches found. The results are displayed in a grid of cards, each containing the name of the individual, their NMLS ID, location(s), and the name of the entity they represent. The results are filtered by "Individual".

Name	NMLS ID	Location(s)	Represents
Austin Leigh Walker	347457	Springfield, OR 97477	Advanced Investment Corp. (278210)
Martin Sloan Hall	279161	Springfield, OR 97477	Advanced Investment Corp. (278210)
Michael Alan Welt	279167	Springfield, OR 97477	Advanced Investment Corp. (278210)
LUIS MENDOZA	544764	None	None
Angela D. Dotson	730552	Springfield, OR 97477	Umpqua Bank (401867)
Jennifer Katherine Acosta...	606643	Springfield, OR 97478	KeyBank National Association (399797)
Nathan Curtis Bill	567540	Springfield, OR 97477	SELCO Community Credit Union (402847)
Terry D Crane	680047	Springfield, OR 97477	SELCO Community Credit Union (402847)
Wendy Venona Werner...	524940	Springfield, OR 97477	Siuslaw Bank (401455)

Verify a MLO's license



Austin Leigh Walker

NMLS ID: 347457	Phone: 541-343-9714	Fax: Not provided
Other Names ? : None	Prior Other Names ? : None	Prior Legal Names ? : None
State Regulatory Actions ? : None posted in NMLS.		

Employment

Authorized to Represent ? : Advanced Investment Corp. (278210)							Engaged in other businesses ? : No
[-] Hide Self Reported Employment History							
From	To	Employer	Position	City	State	Zip Code	Financial Services ?
10/2010	Present	Advanced Investment Corp.	assistant	Springfield	OR	97477	Yes
04/2007	10/2010	Private Capital Partners	assistant	Clackamas	OR	97015	Yes
05/2004	10/2010	Oregon Golf Club	server	West Linn	OR	97068	No
09/2000	06/2004	West Linn High School	student	West Linn	OR	97068	No

Office Locations [?](#)

Company	NMLS ID	Type	Street Address	City	State	Zip Code	Start Date	Go to Location ▶
Advanced Investment Corp.	278210	Main	380 Q Street, Suite 240	Springfield	OR	97477	10/01/2010	Go to Location ▶

Verify a MLO's license

State Licenses/Registrations (Displaying 1 Active of 1 Total)

Regulator ?	Lic/Reg Name	Authorized to Conduct Business ?	Consumer Complaint ?	[+] Hide All Details
Oregon	Mortgage Loan Originator License	Yes	Submit to Regulator	[–] Hide Details
Lic/Reg #: None Original Issue Date ? : 05/13/2011				
Status ? : Approved	Status Date: 05/13/2011	Renewed Through ? : 2014		
Currently Authorized to Represent ?				
Company: Advanced Investment Corp. ▶ NMLS ID: 278210 Start Date: 05/13/2011				
[+] View Previously Authorized to Represent ?				
State Regulatory Actions ?		While some state agencies may add actions taken in previous years against a licensee, the majority are adding only new actions from 2012 or later. To view complete information regarding regulatory actions posted by the state, click any regulator link.		
No regulatory actions have been posted in NMLS.				

Verify a MLO's license – Name

The screenshot shows the NMLS consumer access website interface. At the top, there is a blue header bar with the NMLS logo and the text "consumer access" and "verify a financial services provider". Below the header, there is a search bar containing the name "hannan paula" and a yellow "SEARCH" button. Underneath the search bar, a message says "1 match found!". To the right of this message are three filter options: "Filter by: Individual" (unchecked), "Company" (unchecked), and "Any Regulator" (a dropdown menu). Below these filters, a search result card displays the information for "Paula A. Hannan...". The card includes the NMLS ID "61622" and the status "Represents: None".

Verify a MLO's license – Name

State Licenses/Registrations (Displaying 0 Active, 1 Inactive of 1 Total) [\[-\] Hide Inactive](#)

Regulator ?	Lic/Reg Name	Authorized to Conduct Business ?	Consumer Complaint ?	[–] Hide All Details
Oregon	Mortgage Loan Originator License	No	Submit to Regulator	[–] Hide Details
Lic/Reg #: None Original Issue Date ? : 07/31/2010				
Status ? : Revoked	Status Date: 03/29/2011	Renewed Through ? : None		
Currently Authorized to Represent ?				
None				
[+] View Previously Authorized to Represent ?				

State Regulatory Actions [?](#) While some state agencies may add actions taken in previous years against a licensee, the majority are adding only new actions from 2012 or later. To view complete information regarding regulatory actions posted by the state, click any regulator link.

Regulator ?	Action Type ?	Date of Action	Multi-state Action ID ?	Docket Number	Associated Document(s)
Oregon	Revocation	03/23/2011	N/A	M-11-0002	Final Order

Verify a MLO's license

The screenshot shows a Microsoft Internet Explorer window displaying a legal document. The URL in the address bar is <http://www.nmlsconsumeraccess.org/EntityDetails.aspx/Artifact/Final%20Order.pdf?q=100111-200060>. The document is a PDF titled "Final Order Revoking Mortgage Loan Originator License, Order to Cease and Desist, Order Assessing Civil Penalties, and Consent to Entry of Order" issued by the State of Oregon, Department of Consumer and Business Services, Division of Finance and Corporate Securities, Mortgage Lending Section. The order is numbered M-11-0002 and is directed at 1st Rate Mortgage Inc. and Paula Hannan, who are identified as respondents. The document states that the Director conducted an investigation and determined that the respondents engaged in certain conduct. The "WHEREAS" clause details the findings of the investigation.

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:

1st Rate Mortgage Inc. and
Paula Hannan
Respondents.

M-11-0002
ORDER REVOKING MORTGAGE LOAN
ORIGINATOR LICENSE, ORDER TO
CEASE AND DESIST, 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 1st Rate Mortgage Inc. and Paula Hannan and determined that 1st Rate Mortgage Inc. and Paula Hannan engaged in



Warning

Whether or not a license is required is determined independently from the statutes that set forth the loan disclosure requirements. A person may not be required to have a license but may be required to provide certain disclosures to the borrower regarding the terms and conditions of the loan. In addition whether or not a license is required, a person may misrepresent the terms of the loan.



Enforcement for Seller Carry

- Warning letters
- Civil Penalties



Questions?

- NMLS Consumer Access: <http://www.nmlsconsumeraccess.org/>
- FAQs on private money: http://www.oregondfcs.org/ml/faq/seller_carry.html
- Oregon Division of Finance and Corporate Securities
 - General number: (503) 378-4140
 - E-mail: nmls.licensing@state.or.us
 - Website: www.oregondfcs.org
 - Kirsten Anderson, Program Manager
 - (503) 947-7478
 - Kirsten.L.Anderson@state.or.us