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**BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE  
OF THE STATE OF IDAHO**

STATE OF IDAHO, Department of )  
Finance, Securities Bureau, )  
 )  
Complainant, )  
 )  
vs. )  
 )  
UNION FINANCIAL CORPORATION, )  
 )  
Respondent. )  
\_\_\_\_\_ )

Docket No. 1997-7-72

**AGREEMENT AND ORDER**

The Director of the Department of Finance has instituted an investigation into the conduct of Union Financial Corporation (Respondent). Pursuant to said investigation it appears to the Director that violations of the Idaho Residential Mortgage Practices Act have occurred. The Director and Respondent have agreed to resolve this matter without a public hearing. Therefore, the Director deems it appropriate and in the public interest that this Agreement and Order be entered. Respondent admits the allegations as set forth, and consents to the entry of the Agreement and Order.

## **FINDINGS OF FACT**

1. Respondent is in the business of accepting applications for residential mortgage loans, commonly referred to as first and second mortgages. Respondent is not otherwise regularly engaged in making regulated consumer loans.

2. Respondent submitted an application to the Department to obtain a regulated lender's license on approximately April 25, 1997. Respondent had been mistakenly informed that a regulated lender's license would allow it to engage in mortgage banking activities in Idaho.

3. A regulated lender's license was granted to Respondent as of June 10, 1997.

4. Prior to the grant of that license, Respondent solicited applications for residential mortgage loans in Idaho, in violation of the Residential Mortgage Practices Act.

5. A Cease and Desist Order was entered against Respondent on July 29, 1997.

## **FINDINGS OF VIOLATIONS**

6. Idaho Code § 26-3104 provides that no person shall engage in mortgage banking activities in Idaho without first obtaining a license under the Act from the Director of the Department.

7. Idaho Code § 26-3103(4) provides an exemption from licensing for regulated lenders licensed under the Idaho credit code and regularly engaged in making regulated consumer loans other than those secured by a security interest in real property. Respondent does not qualify for this exemption because it is not regularly engaged in making regulated consumer loans other than those secured by a security interest in real property.

8. Assuming Respondent's mistaken belief regarding the requirement for a mortgage lender's license, Respondent, in any event, actively engaged in and conducted mortgage banking activities, as defined at Idaho Code § 26-3102(12), in Idaho on at least two (2) occasions prior to having obtained its regulated lender's license.

9. By conducting mortgage banking activities in Idaho without a license, Respondent has violated Idaho Code § 26-3104.

**ADMISSIONS AND COMPLIANCE**

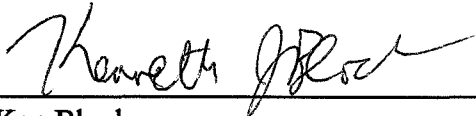
10. Respondent represents that the information provided to the Department of Finance concerning these allegations is accurate and complete.

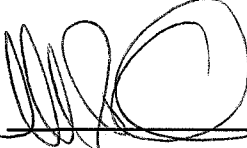
11. Respondent admits that it conducted mortgage banking activities in Idaho in violation of Idaho Code § 26-3104.

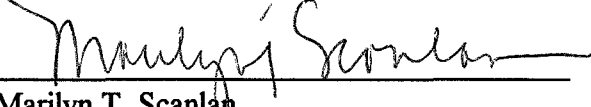
12. Respondent agrees to comply with all provisions of the Idaho Residential Mortgage Practices Act in the future.

DONE AND DATED at Boise, Idaho this 29<sup>th</sup> day of August, 1997.


UNION FINANCIAL CORPORATION

  
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Ken Block  
Attorney for Union Financial Corporation

By:   
\_\_\_\_\_  
MIKE R. AHMARI  
Title: PRESIDENT/CEO  
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Marilyn T. Scanlan  
Securities Bureau Chief  
Department of Finance

IT IS SO ORDERED this 29<sup>th</sup> day of August, 1997.

  
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GAVIN M. GEE  
Director of Finance  
State of Idaho

