

Terms Completed

ORDER SUMMARY – Case Number: C-05-101

Name(s): Eagle Home Mortgage, LLC d/b/a Drake Mortgage and Eagle Funding,
Formerly doing business as Eagle Home Mortgage, Inc. d/b/a Universal
Acceptance Co. and Eagle Mortgage

Order Number: C-05-101-09-CO01

Effective Date: April 5, 2010

License Number: DFI: 17390

Or NMLS Identifier [U/L] (Revoked, suspended, stayed, application denied or withdrawn)
If applicable, you must specifically note the ending dates of terms.

License Effect: n/a

Not Apply Until: n/a

Not Eligible Until: n/a

Prohibition/Ban Until: n/a

Investigation Costs	\$2,415.35	Due: 0	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date: April 5/10
Fine	\$25,000.00	Due: 0	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date: April 5/10
Examination Fee	\$23,810.86	Due: 0	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date: April 5/10
Restitution	\$8,952.57	Due: 0	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date: April 5/10
Judgment	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Satisfaction of Judgment Filed?		<input type="checkbox"/> Y <input type="checkbox"/> N		
No. of Victims:				

Comments:

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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES**

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IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Consumer Loan Act of Washington by:

NO. C-05-101-09-CO01

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EAGLE HOME MORTGAGE, LLC, d/b/a DRAKE
MORTGAGE and EAGLE FUNDING, formerly
doing business as
EAGLE HOME MORTGAGE, INC, d/b/a
UNIVERSAL ACCEPTANCE CO. and EAGLE
MORTGAGE,
Respondent.

CONSENT ORDER

COMES NOW the Director of the Department of Financial Institutions (Director), through his designee
Deborah Bortner, Division Director, Division of Consumer Services, and Eagle Home Mortgage LLC d/b/a Drake
Mortgage and Eagle Funding, formerly doing business as Eagle Home Mortgage Inc. d/b/a Universal Acceptance
Co. and Eagle Mortgage (hereinafter Respondent), and finding that the issues raised in the above-captioned matter
may be economically and efficiently settled, agree to the entry of this Consent Order. This Consent Order is entered
pursuant to chapter 31.04 of Revised Code of Washington (RCW), and RCW 34.05.060 of the Administrative
Procedure Act, based on the following:

AGREEMENT AND ORDER

1. Whereas, the Department of Financial Institutions, Division of Consumer Services (Department)
issued a Statement of Charges No. C-05-101-08-SC01 (Statement of Charges) on September 23, 2008 (copy
attached hereto);
2. Whereas, Respondent has appealed and contested the Statement of Charges;
3. Whereas, all issues in the Statement of Charges have been resolved by agreement of the parties;
4. Whereas, the parties recognize that the agreement shall not be deemed as an admission of
wrongdoing or liability by Respondent; and

1 5. Whereas, the parties agree that this matter may be economically and efficiently settled by entry
2 of this Consent Order.

3 Based upon the foregoing:

4 A. **Jurisdiction.** It is AGREED that the Department has authority to enter this Consent Order.

5 B. **Waiver of Hearing.** It is AGREED that Respondent has been informed of the right to a hearing before
6 an administrative law judge, and that it hereby waives its right to a hearing and any and all administrative and
7 judicial review of the issues raised in this matter, or of the resolution reached herein. Accordingly, by signing
8 below, the Respondent withdraws its appeal in the above-captioned matter.

9 C. **No Admission of Liability.** The parties intend this Consent Order to fully resolve the Statement of
10 Charges and agree that Respondent does not admit to any wrongdoing by its entry.

11 D. **Fine.** It is AGREED that Respondent shall pay to the Department a fine of \$25,000, in the form of a
12 cashier's check made payable to the "Washington State Treasurer," upon entry of this Consent Order.

13 E. **Investigation Fee.** It is AGREED that Respondent shall pay to the Department an investigation fee of
14 \$2,415.35, in the form of a cashier's check made payable to the "Washington State Treasurer," upon entry of this
15 Consent Order.

16 F. **Examination Fee.** It is AGREED that Respondent shall pay to the Department an examination fee of
17 \$23,810.86, in the form of a cashier's check made payable to the "Washington State Treasurer," upon entry of this
18 Consent Order.

19 G. **Restitution.** It is AGREED that Respondent paid restitution to the following borrowers in the amount
20 indicated:

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Borrower	Restitution
C.T.	\$888.25
L.A.	\$379.32
C.N.	\$685.00
J.L.	\$1,000
A.S.	\$1,000
G.H.	\$1,000
W.M.	\$1,000
P.A.	\$1,000
G.F.	\$1,000
N.E.	\$1,000
Total	\$8,952.57

Payments have been mailed to each individual borrower, and Respondent provided the Department with a copy of each payment check.

H. Authority to Execute Order. It is AGREED that the undersigned Respondent has represented and warranted that it has the full power and right to execute this Consent Order on behalf of the parties represented.

I. Non-Compliance with Order. It is AGREED that Respondent understands that failure to abide by the terms and conditions of this Consent Order may result in further legal action by the Director. In the event of such legal action, Respondent may be responsible to reimburse the Director for the cost incurred in pursuing such action, including but not limited to, attorney fees.

J. Voluntarily Entered. It is AGREED that the undersigned Respondent has consulted with independent counsel of its choosing and has voluntarily entered into this Consent Order, which is effective when signed by the Director's designee.

K. Completely Read, Understood, and Agreed. It is AGREED that Respondent has read this Consent Order in its entirety and fully understands and agrees to all of the same.

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1 **RESPONDENT:**
2 **Eagle Home Mortgage LLC d/b/a Drake Mortgage and**
3 **Eagle Funding, formerly doing business as**
4 **Eagle Home Mortgage Inc. d/b/a**
5 **Universal Acceptance Co. and Eagle Mortgage By:**

6 _____
7 *Gary E. Carlson*
8 Name (print): Gary E. Carlson
9 Title(s) (print): President

3/12/10
Date

10 DO NOT WRITE BELOW THIS LINE

11 THIS ORDER ENTERED THIS 5th DAY OF April, 2010.



12 _____
13 *Deborah Bortner*
14 DEBORAH BORTNER
15 Director
16 Division of Consumer Services
17 Department of Financial Institutions

18 Presented by:
19 _____
20 *William Halstead*
21 WILLIAM HALSTEAD
22 Financial Legal Examiner

23 Approved by:
24 _____
25 *James R. Brusselback*
JAMES R. BRUSSELBACK
Enforcement Chief

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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
CONSUMER SERVICES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Consumer Loan Act of Washington by:

EAGLE HOME MORTGAGE, LLC, d/b/a
DRAKE MORTGAGE and EAGLE
FUNDING, formerly doing business as
EAGLE HOME MORTGAGE, INC, d/b/a
UNIVERSAL ACCEPTANCE CO. and
EAGLE MORTGAGE,

Respondents.

NO. C-05-101-08-SC01

STATEMENT OF CHARGES and NOTICE OF
INTENTION TO ENTER AN ORDER TO REVOKE
OR SUSPEND LICENSE, IMPOSE FINE, ORDER
RESTITUTION, COLLECT ANNUAL ASSESSMENTS,
COLLECT EXAMINATION FEES, AND COLLECT
INVESTIGATION FEES.

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INTRODUCTION

Pursuant to RCW 31.04.093 and RCW 31.04.165, the Director of the Department of Financial
Institutions of the State of Washington (Director) is responsible for the administration of chapter 31.04 RCW,
the Consumer Loan Act (Act). After having conducted an investigation pursuant to RCW 31.04.145, and based
upon the facts available as of the date of this Statement of Charges, the Director institutes this proceeding and
finds as follows:

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I. FACTUAL ALLEGATIONS

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1.1 Respondent Eagle Home Mortgage, Inc. was licensed by the Department of Financial Institutions of
the State of Washington (Department) to conduct business as a Consumer Loan Company on March 31, 1995.
Respondent Eagle Home Mortgage, Inc. was licensed to conduct the business of a Consumer Lender at: 10510
NE Northup Way, Suite 300, Kirkland, WA 98033. Respondent Eagle Home Mortgage, Inc. did not obtain
branch licenses or have any registered trade names with the Department.

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On October 1, 2006, Respondent Eagle Home Mortgage, Inc. merged with and into Respondent Eagle
Home Mortgage, LLC. Respondent Eagle Home Mortgage, LLC surrendered its consumer loan license on
October 31, 2006.

1 **1.2 Respondent Eagle Home Mortgage, LLC** was licensed by the Department to conduct business as a
2 Consumer Loan Company on June 18, 2008, and continues to be licensed to date. Respondent Eagle Home
3 Mortgage, LLC is licensed to conduct the business of a Consumer Lender at 19 branch locations and its main
4 office located at: 10510 NE Northup Way, Suite 300, Kirkland, WA 98033.

5 For the purposes of this Statement of Charges, Respondent Eagle Home Mortgage, Inc. and
6 Respondent Eagle Home Mortgage, LLC will be referred to as Respondent Eagle.

7 **1.3 Examination.** On June 25, 2007, through June 29, 2007, the Department conducted an on-site
8 examination of Respondent Eagle at its main office. The examination included a review of the business
9 practices of Respondent Eagle as well as sampling of 77 loan files for the period of March 1, 2003, through
10 October 31, 2006. As a result of the examination, the Department discovered violations of the Act, federal
11 rules, and federal regulations.

12 **1.4 Unlicensed Activity.** Respondent Eagle originated 31 residential mortgage loans to residents of
13 Washington from unlicensed locations. This conduct constitutes a repeat violation from the Department's 2003
14 examination, a copy of which was previously provided to Respondent Eagle.

15 **1.5 Prepayment Penalties on Junior Lien Mortgages.** Respondent Eagle required prepayment penalties
16 on 7 junior lien mortgages.

17 **1.6 Unregistered Trade Names.** Respondent Eagle used the unregistered trade names EHM Mortgage,
18 Majestic Mortgage Services and Versata Home Loan Solutions on various borrowers' loan documents when
19 those trade names had not been approved by the Department.

20 **1.7 Charging Fees not Allowed.** Respondent Eagle charged processing, underwriting, and document fees
21 on 2 junior lien mortgages. This conduct constitutes a repeat violation from the Department's 2003
22 examination, a copy of which was previously provided to Respondent Eagle.

23 **1.8 Failing to Make Timely Disclosures.** Respondent Eagle did not provided 5 borrowers with
24 disclosures containing an itemized estimation and explanation of all fees and cost the borrower is required to
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1 pay in connection with a loan. In addition, Respondent Eagle did not provide the borrowers with a disclosure
2 containing an estimate of the annual percentage rate of the loan and whether or not the loan contained a
3 prepayment penalty. This conduct constitutes a repeat violation from the Department's 2003 examination, a
4 copy of which was previously provided to Respondent Eagle.

5 **1.9 Underpaid Annual Assessments:** A calculation worksheet and an annual assessment fee are due to
6 the Department on or before the first day of March of each year, relating to the previous calendar year.

7 Respondent Eagle filed its annual assessment for the years 2003, 2004, 2005 and 2006; however, the loan
8 volume totals provided to the Department for the examination revealed substantially higher loan volume totals
9 than those used by Respondent Eagle to calculate its annual assessments for the years 2003, 2004, 2005, and
10 2006. As a result, Respondent Eagle has outstanding assessments for 2003, 2004, 2005, and 2006 in the
11 amounts of \$257,059.17, \$178,503.59, \$222,173.75 and \$169,469.09 respectively, which total \$827,205.60.

12 **1.10 Failing to Disclose Yield Spread Premium.** Respondent Eagle did not disclose the Yield Spread
13 Premium (YSP) to 7 borrowers on loans it brokered to other lenders.

14 **1.11 Failing to Properly Disclose Broker Fees.** Respondent Eagle disclosed broker fees on line 801 of the
15 HUD-1 on 4 loans, which is reserved for fees charged by the lender.

16 **1.12 Examination Fee:** As a result of the examination conducted in June 2007, the Department has accrued
17 examination fees in the amount of \$23,810.86 (staff time plus travel costs). The fees are due immediately.

18 **1.13 On-Going Investigation:** The Department's investigation into the alleged violations of the Act by
19 Respondent Eagle continues to date.

20 II. GROUNDS FOR ENTRY OF ORDER

21 **2.1 Fraudulent Activity.** Based upon the Factual Allegations set forth in Section I above, Respondent
22 Eagle is in apparent violation of RCW 31.04.027(1) and (3) for directly or indirectly employing any scheme,
23 device or artifice to defraud or mislead any borrower, to defraud or mislead any lender, or to defraud or mislead

1 any person and directly or indirectly obtain property by fraud or misrepresentation.

2 **2.2 Unfair and Deceptive Practices.** Based upon the Factual Allegations set forth in Section I above,
3 Respondent Eagle is in apparent violation of RCW 31.04.027(2) and (7) for directly or indirectly engaging in
4 any unfair or deceptive practice toward any person and for making any false or deceptive statement or
5 representation with regard to the rates, points, or other financing terms or conditions for a residential mortgage
6 loan or engage in bait and switch advertising.

7 **2.3 Disclosures.** Based upon the Factual Allegations set forth in Section I above, Respondent Eagle is in
8 apparent violation of RCW 31.04.027(6), RCW 31.04.102 (2), (3), and WAC 208-620-510 for failure to provide
9 GFE and TIL disclosures within three business days of receiving a loan application, for failure to disclose APR
and prepayment penalties, and for failing to properly disclose YSP fees.

10 **2.4 Requirement to Obtain License.** Based upon the Factual Allegations set forth in Section I above,
11 Respondent Eagle is in apparent violation of RCW 31.04.075 for maintaining an unlicensed place of business.

12 **2.5 Prohibited Practices.** Based upon the Factual Allegations set forth in Section I above, Respondent
13 Eagle is in apparent violation of RCW 31.04.027(10) for failing to comply with any requirement of the Truth in
14 Lending Act, 15 U.S.C. Sec. 1601 and Regulation Z, 12 C.F.R. Sec. 226, the Real Estate Settlement Procedures
15 Act, 12 U.S.C. Sec. 2601 and Regulation X, 24 C.F.R. Sec. 3500, or the Equal Credit Opportunity Act, 15
16 U.S.C. Sec. 1691 and Regulation B, 12 C.F.R. Sec. 202.9, or any other applicable federal statute.

17 **2.6 Prepayment Penalties on Junior Mortgage Liens.** Based upon the Factual Allegations set forth in
18 Section I above, Respondent Eagle is in apparent violation of WAC 208-620-560(7)(b) for requiring a
19 prepayment penalty on any junior lien mortgage loan made at rates authorized by the Act.

20 **2.7 Requirement to Calculate and Pay Annual Assessment:** Based on the Factual Allegations
21 set forth in Section I above, Respondent Eagle is in apparent violation of RCW 31.04.085, RCW 31.04.027 (1),
22 (2), and (8), and WAC 208-620-440 [prior versions WAC 208-620-190(3), and WAC 208-620-220(1)] for
23 failing to report the total loan volumes, for failing to pay the Department the associated annual assessments, for

1 directly or indirectly employing any scheme, device, or artifice to defraud or mislead any borrower, to defraud
2 or mislead any lender, or to defraud or mislead any person, for directly or indirectly engaging in any unfair or
3 deceptive practice toward any person,, and for negligently making any false statement or knowingly and
4 willfully making any omission of material fact in connection with any reports filed with the Department.

5 6 III. AUTHORITY TO IMPOSE SANCTION

7 **3.1 Authority to Revoke or Suspend License:** Pursuant to RCW 31.04.093(3)(a) and (b), the Director
8 may revoke or suspend a license if a licensee fails to pay any fee due the state of Washington, fails to comply
9 with any specific order or demand of the Director, or violates any provision of the Act or any rule adopted
10 under the Act.

11 **3.2 Authority to Impose Fine:** Pursuant to RCW 31.04.093(4)(a), the Director may impose fines of up to
12 one hundred dollars per day upon the licensee for any violation of the Act.

13 **3.3 Authority to Issue Orders to Pay Restitution.** Pursuant to RCW 31.04.093(5)(c), the Director may
14 issue an order directing a licensee, its employee, or any other person, subject to the Act to make restitution to a
15 borrower or other person who is damaged as a result of a violation of the Act.

16 **3.4 Authority to Charge Examination and Investigation Fees:** Pursuant to RCW 31.04.145(3) and
17 WAC 208-620-590, every licensee examined or investigated by the Director or the Director's designee shall
18 pay for the cost of the examination or investigation, calculated at the rate of \$69.01 per staff hour.

19 **3.5 Authority to Collect Annual Assessment.** Pursuant to RCW 31.04.085, WAC 208-620-430(1) and
20 WAC 208-620-440, a licensee shall pay to the director an annual assessment.

21 **3.5 Authority to Issue Orders Directing Action.** Pursuant to RCW 31.04.093(5)(b), the Director may issue
22 an order directing a licensee to take such affirmative action as is necessary to comply with the Act.

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1 **IV. NOTICE OF INTENTION TO ENTER ORDER**

2 Respondent Eagle's violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC, as set
3 forth in the above Factual Allegations and Grounds for Entry of Order, constitute a basis for the entry of an Order
4 under RCW 31.04.093, RCW 31.04.165 and RCW 31.04.205. Therefore, it is the Director's intention to ORDER
5 that:

- 6 4.1 Respondent Eagle Home Mortgage, LLC's license to conduct the business of a Consumer Loan
Company be revoked or suspended;
- 7 4.2 Respondent Eagle Home Mortgage, LLC pay a fine of \$100,000.
- 8 4.3 Respondent Eagle Home Mortgage, LLC pay restitution in an amount to be determined at hearing.
- 9 4.4 Respondent Eagle Home Mortgage, LLC pay the delinquent Annual Assessments due for the years
ended December 31, 2003, 2004, 2005 and 2006, totaling, without interest, \$827,205.60.
- 10 4.5 Respondent Eagle Home Mortgage, LLC pay an examination fee in the amount of \$23,810.86.
- 11 4.6 Respondent Eagle Home Mortgage, LLC pay an investigation fee which at the time of this document
is \$2,415.35, calculated at \$69.01 per hour for 35 staff hours devoted to the investigation; and
- 12 4.7 Respondent Eagle Home Mortgage, LLC maintain records in compliance with the Act and provide the
13 Director with the location of the books, records and other information relating to Respondent Eagle's
consumer loan company business, and the name, address and telephone number of the individual
14 responsible for maintenance of such records in compliance with the Act.

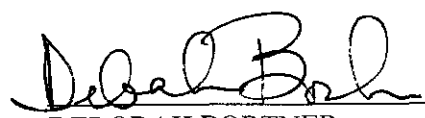
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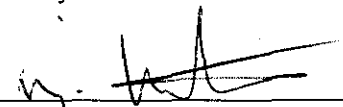
V. AUTHORITY AND PROCEDURE

This Statement of Charges and Notice of Intention to Enter an Order to Revoke or Suspend License, Impose Fine, Order Restitution, Collect Annual Assessments, Collect Examination Fees and Collect Investigation Fees is entered pursuant to the provisions of RCW 31.04.093, RCW 31.04.165, RCW 31.04.202 and RCW 31.04.205, and is subject to the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondent Eagle may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges and Notice of Intention to Enter an Order to Revoke or Suspend License, Prohibit from Industry, Impose Fine, Order Restitution, Collect Annual Assessments, Collect Examination Fees and Collect Investigation Fees.

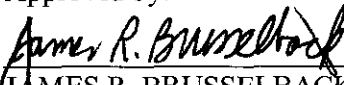
Dated this 23rd day of September, 2008.


DEBORAH BORTNER
Director of Consumer Services
Department of Financial Institutions

Presented by:


WILLIAM HALSTEAD
Financial Legal Examiner

Approved by:


JAMES R. BRUSSELBACK
Enforcement Chief

