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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  
Mortgage Broker Practices Act of Washington by:

NO. C-04-114-04-CO01

PAMELLA CHAFFEE dba AMERICA'S CHOICE  
MORTGAGE, and PAMELLA CHAFFEE,  
Designated Broker

CONSENT ORDER

Respondents

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COMES NOW the Director of the Department of Financial Institutions (Director), through her designee  
Chuck Cross, Division Director, Division of Consumer Services, and Pamela Chaffee dba America's Choice  
Mortgage, and Pamela Chaffee, Designated Broker (hereinafter collectively as Respondents), and finding that the  
issues raised in the captioned matter may be economically and efficiently settled, agree to the entry of this Consent  
Order. This Consent Order is entered pursuant to chapter 19.146 of Revised Code of Washington (RCW), and  
RCW 34.05.060 of the Administrative Procedure Act, based on the following:

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**AGREEMENT AND ORDER**

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The Department of Financial Institutions, Division of Consumer Services (Department) and Respondents  
have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-04-114-04-SC01  
(Statement of Charges), entered May 25, 2004. Pursuant to chapter 19.146 RCW, the Mortgage Broker Practices  
Act (Act) and RCW 34.05.060 of the Administrative Procedure Act, Respondents hereby agree to the  
Department's entry of this Consent Order and further agree that the issues raised in the above captioned matter  
may be economically and efficiently settled by entry of this Consent Order. The parties intend this Consent Order  
to fully resolve the Statement of Charges, entered May 25, 2004.

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Based upon the foregoing:

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A. **Jurisdiction.** It is AGREED that the Department has jurisdiction over the subject matter of the  
activities discussed herein.

CONSENT ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS  
Division of Consumer Services  
150 Israel Rd SW  
PO Box 41200  
Olympia, WA 98504-1200  
(360) 902-8795

1           **B. Waiver of Hearing.** It is AGREED that Respondents have been informed of the right to a hearing  
2 before an administrative law judge, and that they have waived their right to a hearing and any and all  
3 administrative and judicial review of the issues raised in this matter, or of the resolution reached herein.

4           **C. Mortgage Broker License.** It is AGREED that Respondents have voluntarily surrendered their  
5 mortgage broker license to the Department. It is further AGREED that Respondents have provided the Department  
6 with a fully completed "Mortgage Broker Office Closure/License Surrender Form."

7           **D. Declaration of Non-Activity.** It is AGREED that Respondent Chaffee will immediately provide the  
8 Department with a Declaration of Non-Activity, declaring the date Respondents ceased operation as a Mortgage  
9 Broker, and declaring that Respondents transacted no further business requiring a license from the Department  
10 after that date.

11           **E. Restriction on Participation in the Industry.** It is AGREED that Respondents shall be prohibited  
12 from participating in the conduct of the affairs of any licensed mortgage broker, in the capacity of an officer or  
13 principal, for a period of five (5) years from the entry of this Consent Order. HOWEVER, any time after three (3)  
14 years of such prohibition, Respondents may pay to the Department the assessment due on September 2001 and the  
15 \$286.68 examination fee to be considered for licensure.

16           **F. Employment in the Industry.** It is AGREED that paragraph G is not intended to restrict  
17 Respondents' ability to work as a loan originator or employee in the Mortgage Broker industry, even in the event  
18 that such positions become subject to licensure by the Department in the future.

19           **G. Compliance with the Law.** It is AGREED that Respondents shall comply with the Mortgage Broker  
20 Practices Act and the rules adopted thereunder.

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

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I. **Authority to Execute Order.** It is AGREED that the undersigned have represented and warranted that they have the full power and right to execute this Consent Order on behalf of the parties represented.

J. **Voluntarily Entered.** It is AGREED that the undersigned Respondents have 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 Respondents have read this Consent Order in its entirety and fully understand and agree to all of the same.

**RESPONDENTS:**

**Pamella Chaffee dba America's Choice Mortgage**

By: *Pamella Chaffee*  
Pamella Chaffee  
Owner and Designated Broker

6-8-2004  
Date

*Pamella Chaffee*  
Pamella Chaffee, Individually

6-8-2004  
Date

THIS ORDER ENTERED THIS 15<sup>th</sup> DAY OF June, 2004.



*Chuck Cross*  
CHUCK CROSS  
Director and Enforcement Chief  
Division of Consumer Services  
Department of Financial Institutions

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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  
Mortgage Broker Practices Act of Washington by:

PAMELLA CHAFFEE dba AMERICA'S  
CHOICE MORTGAGE, and PAMELLA  
CHAFFEE, Designated Broker

Respondents.

NO. C-04-114-04-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENTION TO ENTER  
AN ORDER TO REVOKE LICENSE,  
COLLECT ANNUAL ASSESSMENTS,  
IMPOSE FINE, COLLECT INVESTIGATION FEE  
AND PROHIBIT FROM INDUSTRY

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**INTRODUCTION**

Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 19.146 RCW, the Mortgage Broker Practices Act (Act). The referenced statutes (RCW) and rules (WAC) are attached, in pertinent part. After having conducted an investigation pursuant to RCW 19.146.235, and based upon the facts available as of May 19, 2004, the Director institutes this proceeding and finds as follows:

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**I. FACTUAL ALLEGATIONS**

**1.1 Respondents:**

A. **Pamella Chaffee, dba America's Choice Mortgage (Respondent ACM)** is known to have conducted the business of a mortgage broker at the following locations:

1706 D. Street, Suite A  
Vancouver, Washington 98663, and

2513 N.W. 147<sup>th</sup> Street  
Vancouver, Washington 98685

B. **Pamella Chaffee (Respondent Chaffee)** is known to be owner and sole proprietor of Respondent ACM. Respondent Chaffee was named Designated Broker on October 8, 1996, and has continued as Designated Broker to date.

1 **1.2 Licenses:** Respondent ACM's main office, at 1706 D Street, Suite A, Vancouver, WA was licensed by  
2 the Department of Financial Institutions of the State of Washington (Department) to conduct business as a  
3 mortgage broker on October 8, 1996. Respondent ACM's license was later transferred to 2513 N.W. 147<sup>th</sup>  
4 Street, Vancouver WA. in October 1999 and has continued to be licensed at that location to date.

5 **1.3 Failure to Pay Annual Assessments:** An annual assessment fee is due to the Department no later than  
6 the last business day of September each year of licensure. To date, the Department has not received the  
7 following annual assessments due from Respondents, totaling \$1575.67:

- 8 A. Payment of the annual assessment of \$513.95 for the year ended 2001 was due to the  
Department no later than the last business day of September 2001.
- 9 B. Payments of the annual assessment of \$530.86 for the years 2002 and 2003 were due to the  
Department no later than the last business day of September 2002 and September 2003,  
respectively.

10 In addition, payment of the annual assessment of \$530.86 for the year ended 2004 will be due to the Department  
11 no later than the last business day of September 2004.

12 **1.4 Failure to Maintain Bond:** On March 5, 2003, the Department received notice from Mid-Century  
13 Company that Respondent ACM's surety was being cancelled, effective March 30, 2003. To date, Respondents  
14 have failed to notify the Department of the cancellation of the surety bond, and have failed to provide the  
15 required surety bond or an approved alternative.

16 **1.5 Failure to Submit Continuing Education Certificates:** A certificate of satisfactory completion of an  
17 approved continuing education course by Respondent ACM's Designated Broker is due to the Department no  
18 later than the last business day of September each year. To date, the Department has not received the required  
19 certificates from Respondent Chaffee for the years ended 2001, 2002, and 2003, respectively.

20 **1.6 Failure to Respond to Directives:** On November 2, 2002, the Department successfully served a  
21 directive dated October 30, 2002, on Respondents by certified mail. This directive required Respondents to  
22 provide the Department with the certificates of completion for continuing education by Respondent Chaffee that  
23 were due by September 30 of 2001 and 2002, and to pay \$1044.81 for annual assessments that were due prior to  
24 that time. Respondents failed to comply within the ten days as required by that directive. On March 10, 2003,

1 the Department sent a directive to Respondents by telefacsimile notifying Respondents of the cancellation of  
2 Respondent 's surety bond, requiring the Respondents to provide the Department with a replacement bond  
3 within ten days. Respondents failed to comply with that directive. On December 1, 2003, the Department  
4 successfully served a directive dated November 25, 2003, on Respondents by certified mail. That directive  
5 required Respondents to provide a reinstatement to their cancelled surety bond or approved alternative, to pay  
6 the annual assessments due at that time, to provide the certificates of completion for continuing education by  
7 Respondent Chaffee for the three previous years and to disclose certain significant developments. Again the  
8 Respondents failed to comply within the ten days as required by the directive. On December 4, 2003, the  
9 Department received a completed "Mortgage Broker Office Closure/License Surrender Form" from Respondent  
10 Chaffee, however Respondent did not submit any of the other requested items, such as the original license or  
11 the required fees. To date, Respondents have not fully responded to the Department's requests.

12 **1.7 Failure to Notify Department of Significant Developments:** As stated in 1.4 above, to date,  
13 Respondents have not notified the Department of the cancellation of Respondent ACM's surety bond.

## 14 II. GROUNDS FOR ENTRY OF ORDER

15 **2.1 Requirement to Pay Annual Assessments:** Based on the Factual Allegations set forth in Section I  
16 above, Respondents are in apparent violation of RCW 19.146.228(1), WAC 208-660-060(3) and WAC 208-  
17 660-061 for failing to pay to the Director an annual assessment fee no later than the last business day of the  
18 month in which the anniversary date of the issuance of the mortgage broker's license occurs.

19 **2.2 Requirement to Maintain Surety Bond:** Based on the Factual Allegations set forth in Section I  
20 above, Respondents are in apparent violation of RCW 19.146.205(4)(a) and WAC 208-660-080(1) for failing to  
21 file and maintain a surety bond or approved alternative with the Department.

22 **2.3 Requirement to Submit Certificate of Completion of Continuing Education:** Based on the Factual  
23 Allegations set forth in Section I above, Respondent Chaffee is in apparent violation of RCW 19.146.215 and  
24 WAC 208-660-042 for failing to complete the annual continuing education requirement and file a certificate of

1 satisfactory completion no later than the last business day of the month in which the anniversary date of the  
2 issuance of the licensee's license occurs.

3 **2.4 Requirement to Notify Department of Significant Developments:** Based on the Factual Allegations  
4 set forth in Section I above, Respondents are in apparent violation of WAC 208-660-150(1)(e), for failing to  
5 notify the Director in writing within thirty days after receipt of notification of cancellation of the licensee's  
6 surety bond.

7 **2.5 Authority to Revoke License:** Pursuant to RCW 19.146.220(2)(b)(ii), (iii) and (iv), and WAC 208-  
8 660-160(1), (2), (8) and (13), the Director may revoke a license if a licensee fails to pay a fee required by the  
9 Director, fails to maintain the required bond, or fails to comply with any directive or order of the Director.

10 **2.6 Authority to Impose Fine:** Pursuant to RCW 19.146.220(2)(c) and WAC 208-660-165, the Director  
11 may impose fines on a licensee that fails to maintain the required bond or fails to comply with any directive or  
12 order of the Director.

13 **2.7 Authority to Prohibit from the Industry:** Pursuant to RCW 19.146.220(2)(e)(i) and (iv), the Director  
14 may prohibit from participation in the conduct of the affairs of a licensed mortgage broker, any officer,  
15 principal, employee, or loan originator of any licensed mortgage broker or any person subject to licensing under  
16 the Act that fails to maintain the required bond or fails to comply with any directive or order of the Director.

### 17 **III. NOTICE OF INTENTION TO ENTER ORDER**

18 Respondents' violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as set forth  
19 in the above Factual Allegations and Grounds for Entry of Order, constitute a basis for the entry of an Order under  
20 RCW 19.146.220, RCW 19.146.221 and RCW 19.146.223. Therefore, it is the Director's intention to ORDER  
21 that:

- 22 3.1 Respondent ACM's license to conduct the business of a Mortgage Broker be revoked; and
- 23 3.2 Respondents jointly and severally pay the cumulative delinquent main office Annual Assessments due  
24 through September 2003 totaling \$1575.67, as calculated in Section 1.3 above. Additionally,  
Respondents pay the \$530.86 main office Annual Assessment for the year ending September 2004 no  
later than the last business day of September 2004; and

- 1        3.3        Respondents jointly and severally pay a fine of \$6000 for
  - 2            a.        Failure to maintain the required bond or approved alternative, calculated at \$100 per day for 30
    - 3                            days; and
    - 4                            b.        Failure to comply with a directive, calculated at \$100 per day for 30 days; and
- 5        3.4        Respondent Pamela Chaffee be prohibited from participation in the conduct of the affairs of any
  - 6                            licensed mortgage broker, in any manner, for a period of five (5) years; and
- 7        3.5        Respondents, jointly and severally, pay an examination fee of \$286.68, calculated at \$47.78 per hour
  - 8                            for each staff hour devoted to the investigation (6 hours); and
- 9        3.6        Respondents maintain records in compliance with the Act and provide the Department with the
  - 10                           location of the books, records and other information relating to Respondent ACM's mortgage broker
    - 11                           business, and the name, address and telephone number of the individual responsible for maintenance of
      - 12                           such records in compliance with the Act.

**IV. AUTHORITY AND PROCEDURE**

This Statement of Charges is entered pursuant to the provisions of RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.230, and is subject to the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondents 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.

Dated this 25th day of May, 2004.

/s \_\_\_\_\_  
**CHUCK CROSS**  
 Director and Enforcement Chief  
 Division of Consumer Services  
 Department of Financial Institutions

Presented by:

\_\_\_\_\_  
 Deborah Bortner  
 Financial Legal Examiner

1 **RCW 19.146.205 License – Application – Exchange of fingerprint data with federal bureau of investigation – Fee – Bond or alternative.**

2 . . .  
3 (4)(a) Each applicant for a mortgage broker's license shall file and maintain a surety bond, in an amount of not greater than  
4 sixty thousand dollars nor less than twenty thousand dollars which the director deems adequate to protect the public  
5 interest, executed by the applicant as obligor and by a surety company authorized to do a surety business in this state as  
6 surety. The bonding requirement as established by the director may take the form of a uniform bond amount for all  
7 licensees or the director may establish by rule a schedule establishing a range of bond amounts which shall vary according  
8 to the annual average number of loan originators or independent contractors of a licensee. The bond shall run to the state of  
9 Washington as obligee, and shall run first to the benefit of the borrower and then to the benefit of the state and any person  
10 or persons who suffer loss by reason of the applicant's or its loan originator's violation of any provision of this chapter or  
11 rules adopted under this chapter. The bond shall be conditioned that the obligor as licensee will faithfully conform to and  
12 abide by this chapter and all rules adopted under this chapter, and shall reimburse all persons who suffer loss by reason of a  
13 violation of this chapter or rules adopted under this chapter. Borrowers shall be given priority over the state and other  
14 persons. The state and other third parties shall be allowed to receive distribution pursuant to a valid claim against the  
15 remainder of the bond. In the case of claims made by any person or entity who is not a borrower, no final judgment may be  
16 entered prior to one hundred eighty days following the date the claim is filed. The bond shall be continuous and may be  
17 canceled by the surety upon the surety giving written notice to the director of its intent to cancel the bond. The cancellation  
18 shall be effective thirty days after the notice is received by the director. Whether or not the bond is renewed, continued,  
19 reinstated, reissued, or otherwise extended, replaced, or modified, including increases or decreases in the penal sum, it shall  
20 be considered one continuous obligation, and the surety upon the bond shall not be liable in an aggregate or cumulative  
21 amount exceeding the penal sum set forth on the face of the bond. In no event shall the penal sum, or any portion thereof,  
22 at two or more points in time be added together in determining the surety's liability. The bond shall not be liable for any  
23 penalties imposed on the licensee, including, but not limited to, any increased damages or attorneys' fees, or both, awarded  
24 under RCW 19.86.090. The applicant may obtain the bond directly from the surety or through a group bonding  
arrangement involving a professional organization comprised of mortgage brokers if the arrangement provides at least as  
much coverage as is required under this subsection.

(b) In lieu of a surety bond, the applicant may, upon approval by the director, file with the director a certificate of deposit,  
an irrevocable letter of credit, or such other instrument as approved by the director by rule, drawn in favor of the director  
for an amount equal to the required bond.

(c) In lieu of the surety bond or compliance with (b) of this subsection, an applicant may obtain insurance or coverage from  
an association comprised of mortgage brokers that is organized as a mutual corporation for the sole purpose of insuring or  
self-insuring claims that may arise from a violation of this chapter. An applicant may only substitute coverage under this  
subsection for the requirements of (a) or (b) of this subsection if the director, with the consent of the insurance  
commissioner, has authorized such association to organize a mutual corporation under such terms and conditions as may be  
imposed by the director to ensure that the corporation is operated in a financially responsible manner to pay any claims  
within the financial responsibility limits specified in (a) of this subsection. [1997 c 106 § 9; 1994 c 33 § 8; 1993 c 468 § 6.]

Severability – 1997 c 106: See note following RCW 19.146.100. Adoption of rules – Severability – 1993 c 468: See notes  
following RCW 19.146.020. Effective dates – 1993 c 468: See note following RCW 19.146.200.

18 **RCW 19.146.215 Continuing education – Rules.** The designated broker of every licensee shall complete an annual  
19 continuing education requirement, which the director shall define by rule. [1997 c 106 § 11; 1994 c 33 § 11.]

Severability – 1997 c 106: See note following RCW 19.146.010.

20 **RCW 19.146.220 Director -- Powers and duties -- Violations as separate violations -- Rules.**

21 (1) The director shall enforce all laws and rules relating to the licensing of mortgage brokers, grant or deny licenses to  
mortgage brokers, and hold hearings.

22 (2) The director may impose the following sanctions:

(a) Deny applications for licenses for: (i) Violations of orders, including cease and desist orders issued under this  
chapter; or (ii) any violation of RCW 19.146.050 or 19.146.0201 (1) through (9);

(b) Suspend or revoke licenses for:

(i) False statements or omission of material information on the application that, if known, would have allowed the  
director to deny the application for the original license;

(ii) Failure to pay a fee required by the director or maintain the required bond;

- (iii) Failure to comply with any directive or order of the director; or
  - (iv) Any violation of RCW 19.146.050, 19.146.060(3), 19.146.0201 (1) through (9) or (12), 19.146.205(4), or 19.146.265;
  - (c) Impose fines on the licensee, employee or loan originator of the licensee, or other person subject to this chapter for:
    - (i) Any violations of RCW 19.146.0201 (1) through (9) or (12), 19.146.030 through 19.146.080, 19.146.200, 19.146.205(4), or 19.146.265; or
    - (ii) Failure to comply with any directive or order of the director;
  - (d) Issue orders directing a licensee, its employee or loan originator, or other person subject to this chapter to:
    - (i) Cease and desist from conducting business in a manner that is injurious to the public or violates any provision of this chapter; or
    - (ii) Pay restitution to an injured borrower; or
  - (e) Issue orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker or any person subject to licensing under this chapter for:
    - (i) Any violation of 19.146.0201 (1) through (9) or (12), 19.146.030 through 19.146.080, 19.146.200, 19.146.205(4), or 19.146.265; or
    - (ii) False statements or omission of material information on the application that, if known, would have allowed the director to deny the application for the original license;
    - (iii) Conviction of a gross misdemeanor involving dishonesty or financial misconduct or a felony after obtaining a license; or
    - (iv) Failure to comply with any directive or order of the director.
- (3) Each day's continuance of a violation or failure to comply with any directive or order of the director is a separate and distinct violation or failure.
- (4) The director shall establish by rule standards for licensure of applicants licensed in other jurisdictions.
- (5) The director shall immediately suspend the license or certificate of a person who has been certified pursuant to RCW 74.20A.320 by the department of social and health services as a person who is not in compliance with a support order or a \*residential or visitation order. If the person has continued to meet all other requirements for reinstatement during the suspension, reissuance of the license or certificate shall be automatic upon the director's receipt of a release issued by the department of social and health services stating that the licensee is in compliance with the order. [1997 c 106 § 12; 1997 c 58 § 879; 1996 c 103 § 1; 1994 c 33 § 12; 1993 c 468 § 8.]

**RCW 19.146.221 Action by director – Hearing – Sanction.** The director may, at his or her discretion and as provided for in \*RCW 19.146.220(2), take any action specified in RCW 19.146.220(1). If the person subject to such action does not appear in person or by counsel at the time and place designated for any administrative hearing that may be held on the action then the person shall be deemed to consent to the action. If the person subject to the action consents, or if after hearing the director finds by a preponderance of the evidence that any grounds for sanctions under this chapter exist, then the director may impose any sanction authorized by this chapter. [1994 c 33 § 13.]

**RCW 19.146.223 Director – Administration and interpretation.** The director shall have the power and broad administrative discretion to administer and interpret the provisions of this chapter to fulfill the intent of the legislature as expressed in RCW 19.146.005. [1994 c 33 § 2.]

**RCW 19.146.228 Fees – Rules – Exception.** The director shall establish fees by rule in accordance with RCW 43.24.086 sufficient to cover, but not exceed, the costs of administering this chapter. These fees may include:

- (1) An annual assessment paid by each licensee on or before a date specified by rule
- (2) An investigation fee to cover the costs of any investigation of the books and records of a licensee or other person subject to this chapter; . . . . [1997 c 106 § 13; 1994 c 33 § 9.]

1 **RCW 19.146.230 Administrative procedure act application.** The proceedings for denying license applications, issuing  
2 cease and desist orders, suspending or revoking licenses, and imposing civil penalties or other remedies issued pursuant to  
3 this chapter and any appeal therefrom or review thereof shall be governed by the provisions of the administrative procedure  
act, chapter 34.05 RCW. [1994 c 33 § 16; 1993 c 468 § 10.]

4 **RCW 19.146.235 Director – Investigation powers – Duties of person subject to examination or investigation.** For the  
5 purposes of investigating complaints arising under this chapter, the director may at any time, either personally or by a  
6 designee, examine the business, including but not limited to the books, accounts, records, and files used therein, of every  
7 licensee and of every person engaged in the business of mortgage brokering, whether such a person shall act or claim to act  
8 under or without the authority of this chapter. For that purpose the director and designated representatives shall have access  
9 during regular business hours to the offices and places of business, books, accounts, papers, records, files, safes, and vaults  
10 of all such persons. The director or designated person may direct or order the attendance of and examine under oath all  
11 persons whose testimony may be required about the loans or the business or subject matter of any such examination or  
12 investigation, and may direct or order such person to produce books, accounts, records, files, and any other documents the  
13 director or designated person deems relevant to the inquiry. If a person who receives such a directive or order does not  
14 attend and testify, or does not produce the requested books, records, files, or other documents within the time period  
15 established in the directive or order, then the director or designated person may issue a subpoena requiring attendance or  
16 compelling production of books, records, files, or other documents. No person subject to examination or investigation  
17 under this chapter shall withhold, abstract, remove, mutilate, destroy, or secrete any books, records, computer records, or  
18 other information.

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Once during the first two years of licensing, the director may visit, either personally or by designee, the licensee's place or  
places of business to conduct a compliance examination. The director may examine, either personally or by designee, a  
sample of the licensee's loan files, interview the licensee or other designated employee or independent contractor, and  
undertake such other activities as necessary to ensure that the licensee is in compliance with the provisions of this chapter.  
For those licensees issued licenses prior to March 21, 1994, the cost of such an examination shall be considered to have  
been prepaid in their license fee. After this one visit within the two-year period subsequent to issuance of a license, the  
director or a designee may visit the licensee's place or places of business only to ensure that corrective action has been  
taken or to investigate a complaint. [1997 c 106 § 14; 1994 c 33 § 17; 1993 c 468 § 11.]

Severability – 1997 c 106: See note following RCW 19.146.010.  
Adoption of rules – Severability – 1993c 468: See notes following RCW 19.146.0201.  
Effective dates – 1993 c 468: See note following RCW 19.146.200.

1 **WAC 208-660-042 Continuing education requirement.** (1) The principal or designated broker of a licensee must  
2 satisfactorily complete an approved continuing education course annually. Each licensee must file annually a certificate of  
3 satisfactory completion of an approved continuing education course by the licensee's principal or designated broker no later  
4 than the last business day of the month in which the anniversary date of the issuance of the licensee's license occurs.

(2) This section applies to each licensee beginning on the first anniversary date of the issuance of the licensee's license  
5 which occurs after December 31, 1995. (For example, if a licensee's license was issued on January 10, 1994, then the  
6 licensee must submit its first certificate of satisfactory completion of an approved continuing education course no later than  
7 the last business day of January 1996.)

[Statutory Authority: [RCW 43.320.010](#), [19.146.223](#). 01-01-044, § 208-660-042, filed 12/8/00, effective 1/8/01; 96-04-028,  
8 recodified as § 208-660-042, filed 2/1/96, effective 4/1/96. Statutory Authority: [RCW 19.146.225](#). 95-13-091, § 50-60-042,  
9 filed 6/21/95, effective 7/22/95.]

10 **WAC 208-660-060 Department's fees and assessments.** (1) Upon completion of processing and reviewing an  
11 application for a license or branch office certificate, the department will prepare a billing, regardless of whether a license or  
12 certificate has been issued, calculated at the rate of \$35.98 per hour that each staff person devoted to processing and  
13 reviewing the application. The application deposit will be applied against this bill. Any amount left owing to the  
14 department will be billed to and paid promptly by the applicant, while any balance remaining from the deposit will be  
15 refunded promptly to the applicant.

(2) Upon completion of any examination of the books and records of a licensee, the department will furnish to the  
16 licensee a billing to cover the cost of the examination. The examination charge will be calculated at the rate of \$46.26 per  
17 hour that each staff person devoted to the examination. The examination billing will be paid by the licensee promptly upon  
18 receipt. Licensees that were issued licenses prior to March 21, 1994, have prepaid in their initial license fee the cost of the  
19 first compliance examination of the licensee conducted by the department during the first two years after the date of  
20 issuance of the license.

(3) Each licensee shall pay to the director an annual assessment of \$513.95 for each license, and \$513.95 for each  
21 branch office certificate. The annual assessment(s) will be due no later than the last business day of the month in which the  
22 anniversary date of the issuance of the broker's license occurs.

(4) Upon completion of any investigation of the books and records of a mortgage broker other than a licensee, the  
23 department will furnish to the broker a billing to cover the cost of the investigation. The investigation charge will be  
24 calculated at the rate of \$46.26 per hour that each staff person devoted to the investigation. The investigation billing will be  
paid by the mortgage broker promptly upon receipt.

[Statutory Authority: [RCW 18.44.410](#), [19.146.223](#), [19.146.225](#), [19.146.265](#), [31.04.165](#), [31.45.200](#). 01-12-029, § 208-660-  
060, filed 5/29/01, effective 7/1/01; 96-04-028, recodified as § 208-660-060, filed 2/1/96, effective 4/1/96. Statutory  
Authority: [RCW 19.146.225](#). 95-13-091, § 50-60-060, filed 6/21/95, effective 7/22/95; 94-23-033, § 50-60-060, filed  
11/8/94, effective 12/9/94. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-060, filed 1/7/94, effective 2/7/94.]

17 **WAC 208-660-061 Fee increase.** The division intends to increase its fee and assessment rates each year for several  
18 bienniums. The division intends to initiate a rule making for this purpose each biennium. This rule provides for an  
19 automatic annual increase in the rate of fees and assessments each fiscal year during the 2001-03 biennium.

(1) On July 1, 2002, the fee and assessment rates under [WAC 208-660-060](#), as increased in the prior fiscal year, will  
20 increase by a percentage rate equal to the fiscal growth factor for the then current fiscal year. As used in this section, "fiscal  
21 growth factor" has the same meaning as the term is defined in [RCW 43.135.025](#).

(2) The director may round off a rate increase under subsection (1) of this section. However, no rate increase may  
22 exceed the applicable fiscal growth factor.

(3) By June 1 of each year, the director will make available a chart of the new rates that will take effect on the  
23 immediately following July 1.

[Statutory Authority: [RCW 18.44.410](#), [19.146.223](#), [19.146.225](#), [19.146.265](#), [31.04.165](#), [31.45.200](#). 01-12-029, § 208-660-  
061, filed 5/29/01, effective 7/1/01.]

23 **WAC 208-660-080 Surety bond and approved alternatives -- General requirements.** (1) Each applicant for a  
24 license and licensee must file and maintain on file with the director:

(a) A surety bond in the required amount and related power of attorney issued by a bonding company or insurance

1 company authorized to do business in this state; or

(b) An approved alternative to a surety bond in the required amount in accordance with [WAC 208-660-08010](#).

2 The required amount of the surety bond or approved alternative ranges from twenty thousand dollars to sixty thousand  
3 dollars and is based on the applicant's or licensee's monthly average number of loan originators calculated in accordance  
4 with subsection (2) of this section. The surety bond or approved alternative is subject to claims in accordance with [RCW](#)  
[19.146.205](#) and 19.146.240. Borrowers shall be given priority over the state and other persons who file claims against the  
5 bond or approved alternative. The state and other persons shall not receive distributions from the remainder of the bond or  
6 approved alternative pursuant to valid claims prior to one hundred eighty days following the date a claim is made against  
7 the bond.

[Statutory Authority: [RCW 43.320.010](#), [19.146.223](#). 01-01-044, § 208-660-080, filed 12/8/00, effective 1/8/01; 96-04-028,  
8 recodified as § 208-660-080, filed 2/1/96, effective 4/1/96. Statutory Authority: [RCW 19.146.225](#). 95-13-091, § 50-60-080,  
9 filed 6/21/95, effective 7/22/95; 94-23-033, § 50-60-080, filed 11/8/94, effective 12/9/94. Statutory Authority: 1993 c 468  
10 § 9. 94-03-009, § 50-60-080, filed 1/7/94, effective 2/7/94.]

11 **WAC 208-660-150 Disclosure of significant developments.**

(1) A licensee must notify the director in writing within thirty days after the occurrence of any of the following  
12 developments:

(a) Licensee's filing for bankruptcy or reorganization.

(b) Receipt of notification of license revocation procedures in any state against the licensee.

(c) The filing of a felony indictment or information related to mortgage brokering activities of the licensee, or any  
13 officer, director, principal, or designated broker of the licensee.

(d) The licensee, or any officer, director, principal, or designated broker of the licensee being convicted of a felony.

(e) Receipt of notification of cancellation of the licensee's surety bond or approved alternative, or any significant  
14 decline in value of an approved alternative held by the director.

(f) The filing of any material litigation against the licensee.

(2) A licensee must notify the director in writing ten days prior to a change of the location of the licensee's principal place  
15 of business or any of its branch offices.

(3) A licensee must notify the director in writing within five days after a change in the licensee's:

(a) Name or legal status (e.g., from sole proprietor to corporation, etc.);

(b) Mailing address or telephone number;

(c) President, partner, designated broker, or branch office manager;

(d) Trust account (e.g., change in the status, location, or account number);

(e) State master business license; or

(f) Standing with the state of Washington secretary of state.

16 [96-04-028, recodified as § 208-660-150, filed 2/1/96, effective 4/1/96. Statutory Authority: [RCW 19.146.225](#). 95-13-091,  
17 § 50-60-150, filed 6/21/95, effective 7/22/95. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-150, filed 1/7/94,  
effective 2/7/94.]

18 **WAC 208-660-160 License application denial or condition; license suspension or revocation.**

The director may deny or condition approval of a license application, or suspend or revoke a license if the applicant or  
19 licensee, or any principal or designated broker of the applicant or licensee:

(1) Has failed to pay a fee due to the state in accordance with the Mortgage Broker Practices Act;

(2) Has not filed the required surety bond or approved alternative or otherwise complied with [RCW 19.146.205](#);

(3) Has had any license, or any authorization to do business under any similar statute of this or any other state,  
20 suspended, revoked, or restricted within the prior five years;

(4) Has within the prior seven years been convicted of a felony, or a gross misdemeanor involving dishonesty or  
21 financial misconduct;

(5) Has failed to demonstrate financial responsibility, character, and general fitness such as to command the confidence  
22 of the community and to warrant a belief that the business will be operated honestly, fairly, and efficiently within the  
purposes of the Mortgage Broker Practices Act. The director may find that the person has failed to make the demonstration  
23 if, among other things:

(a) The person is or has been subject to an injunction issued pursuant to the Mortgage Broker Practices Act or the  
24 Consumer Protection Act; or

- 1 (b) An independent credit report issued by a recognized credit reporting agency indicates that the person has a  
substantial history of unpaid debts;
- 2 (6) Has omitted, misrepresented, or concealed material facts in obtaining a license or in obtaining reinstatement thereof;
- 3 (7) Has violated the provisions of the Mortgage Broker Practices Act, or the Consumer Protection Act;
- 4 (8) Has had its surety bond, approved alternative, or equivalent form of business insurance, canceled or revoked for  
cause;
- 5 (9) Has allowed the licensed mortgage broker business to deteriorate into a condition which would result in denial of a  
new application for a license;
- 6 (10) Has aided or abetted an unlicensed person to practice in violation of the Mortgage Broker Practices Act;
- 7 (11) Has demonstrated incompetence or negligence that results in injury to a person or that creates an unreasonable risk  
that a person may be harmed;
- 8 (12) Is insolvent in the sense that the value of the applicant's or licensee's liabilities exceed its assets or in the sense that  
the applicant or licensee cannot meet its obligations as they mature;
- 9 (13) Has failed to comply with an order, directive, or requirement of the director, or his or her designee, or with an  
assurance of discontinuance entered into with the director, or his or her designee;
- 10 (14) Has performed an act of misrepresentation or fraud in any aspect of the conduct of the mortgage broker business or  
profession;
- 11 (15) Has failed to cooperate with the director, or his or her designee, including without limitation by:
- 12 (a) Not furnishing any necessary papers or documents requested by the director for purposes of conducting an  
investigation for disciplinary actions or denial, suspension, or revocation of a license; or
- 13 (b) Not furnishing any necessary papers or documents requested by the director for purposes of conducting an  
investigation into a complaint against the licensee filed with the department, or providing a full and complete written  
explanation of the circumstances of the complaint upon request by the director;
- 14 (16) Has interfered with an investigation or disciplinary proceeding by willful misrepresentation of facts before the  
director or the director's designee, or by the use of threats or harassment against a client, witness, employee of the licensee,  
or representative of the director for the purpose of preventing them from discovering evidence for, or providing evidence  
in, any disciplinary proceeding or other legal action;
- 15 (17) Has failed to provide a required certificate of passing an approved examination;
- 16 (18) Has failed to provide a required certificate of satisfactory completion of an approved licensing course or, in the  
alternative, satisfactory proof of two years' experience in accordance with WAC 208-660-040; or
- 17 (19) Has failed to provide a required certificate of satisfactory completion of an approved continuing education course.

18 [Statutory Authority: RCW 43.320.010, 19.146.223. 01-01-044, § 208-660-160, filed 12/8/00, effective 1/8/01; 96-04-028,  
recodified as § 208-660-160, filed 2/1/96, effective 4/1/96. Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-160,  
filed 6/21/95, effective 7/22/95. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-160, filed 1/7/94, effective  
2/7/94.]

19 **WAC 208-660-165 Fines and penalties for violation of the Mortgage Broker Practices Act.**

20 Each mortgage broker and each of its principals, designated brokers, officers, employees, independent contractors, and  
agents shall comply with the applicable provisions of the Mortgage Broker Practices Act. Each violation of any applicable  
provision of the Mortgage Broker Practices Act, or of any order, directive, or requirement of the director may, at the  
discretion of the director, subject the violator to a fine of up to one hundred dollars for each offense. Each day's  
continuance of the violation is a separate and distinct offense. In addition, the director in his or her discretion may by order  
assess other penalties for a violation of the Mortgage Broker Practices Act.

21 [96-04-028, recodified as § 208-660-165, filed 2/1/96, effective 4/1/96. Statutory Authority: RCW 19.146.225. 95-13-091,  
§ 50-60-165, filed 6/21/95, effective 7/22/95; 94-23-033, § 50-60-165, filed 11/8/94, effective 12/9/94.]