

ORDER SUMMARY – Case Number: C-05-143

Name(s): Quality First Mortgage
Jon M. Norton

Order Number: C-05-143-07-FO01

Effective Date: July 11, 2007

License Number: DFI: 20472; 20472-20473; 21748
Or NMLS Identifier [U/L] (Revoked, suspended, stayed, application denied or withdrawn)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: Revoked

Not Apply Until: n/a

Not Eligible Until: _____

Prohibition/Ban Until: July 11, 2012

Investigation Costs	\$621.14	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date
Fine	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Assessment(s)	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Judgment	\$621.14 + Interest Accr	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date
Satisfaction of Judgment Filed?		<input checked="" 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**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Mortgage Broker Practices Act of Washington by:

NO. C-05-143-07-FO01

QUALITY FIRST MORTGAGE CORP.,
and JON M. NORTON, President, Owner, and
Designated Broker,

FINAL ORDER

Respondents.

I. DIRECTOR'S CONSIDERATION

A. Procedural History. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director) pursuant to RCW 34.05.464. On February 6, 2006, the Director, through former Consumer Services Division Director Chuck Cross, entered a Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Prohibit from Industry, and Collect Investigation Fee (Statement of Charges). The Statement of Charges was accompanied by a cover letter dated February 6, 2006, a Notice of Opportunity to Defend and Opportunity for Hearing, and blank Applications for Adjudicative Hearing for Quality First Mortgage Corp. and Jon M. Norton. The Department served the Statement of Charges, cover letter dated February 6, 2006, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Applications for Adjudicative Hearing for Quality First Mortgage Corp., and Jon M. Norton on Respondents on February 15, 2006, by Federal Express overnight delivery.

On February 24, 2006, Respondents filed an Application for Adjudicative Hearing. On March 31, 2006, the Director, through former Consumer Services Division Director Chuck Cross, entered an Amended Statement of Charges and Notice of Intention to Enter an Order to Revoke License,

1 Prohibit from Industry, and Collect Investigation Fee (Amended Statement of Charges). A copy of
2 the Amended Statement of Charges is attached and incorporated into this order by this reference. The
3 Amended Statement of Charges was accompanied by a cover letter dated April 5, 2006, a Notice of
4 Opportunity to Defend and Opportunity for Hearing, and blank Applications for Adjudicative Hearing
5 for Quality First Mortgage Corp. and Jon M. Norton. The Department served the Amended Statement
6 of Charges, cover letter dated April 5, 2006, Notice of Opportunity to Defend and Opportunity for
7 Hearing, and blank Applications for Adjudicative Hearing for Quality First Mortgage Corp. and Jon
8 M. Norton on Respondents on April 7, 2006, by Federal Express overnight delivery.

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10 On May 23, 2006, the Department made a request to the Office of Administrative Hearings
11 (OAH) to assign an Administrative Law Judge (ALJ) to schedule and conduct a hearing on the
12 Amended Statement of Charges. On June 28, 2006, OAH issued a Notice of Assignment of
13 Administrative Law Judge assigning ALJ Michelle C. Mentzer (ALJ Mentzer) to preside over
14 prehearing and hearing proceedings and issue an Initial Decision. On July 25, 2006, ALJ Mentzer
15 issued a Notice of Pre-Hearing Conference by Telephone scheduling a prehearing conference on
16 Tuesday, August 22, 2006, at 9:00 a.m.

17 On August 22, 2006, the Department's representative attended the telephonic prehearing, but
18 Respondents failed to appear. On August 23, 2006, ALJ Mentzer issued a Default Order, dismissing
19 Respondent's appeal. On September 14, 2006, ALJ Mentzer issued an Order Vacating Default,
20 reinstating Respondents' appeal. On September 29, 2006, ALJ Mentzer issued a Notice of Pre-
21 Hearing Conference by Telephone scheduling a prehearing conference on Friday, November 3, 2006,
22 at 10:00 a.m. On November 3, 2006, Respondents and the Department's representative attended the
23 telephonic prehearing conference. On November 17, 2006, ALJ Mentzer issued a Pre-Hearing Order
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1 and Notice of Hearing scheduling a hearing on Monday, January 8, 2007, at 10:30 a.m. On January
2 18, 2007, ALJ Mentzer issued an Amended Notice of Hearing rescheduling the hearing for
3 Wednesday, February 14, 2007, at 10:00 a.m. On February 23, 2007, ALJ Mentzer issued a Second
4 Amended Notice of Hearing rescheduling the hearing for Wednesday, April 4, 2007, at 10:00 a.m.

5 On April 4, 2007, all parties attended the hearing. On May 31, 2007, ALJ Mentzer issued an
6 Initial Order containing the ALJ's Findings of Fact, Conclusions of Law, and Order. This Initial
7 Decision and Order concluded, in relevant part, that Respondents had violated the following
8 provisions of the Mortgage Broker Practices Act:
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- 10 • RCW 19.146.205(4) and WAC 208-660-080(1) by failing to maintain a surety bond or
approved alternative,
- 11 • RCW 19.146.215 and WAC 208-660-042 by failing to complete continuing education
requirements in 2005 and 2006,
- 12 • RCW 19.146.228(1), WAC 208-660-060(3), and WAC 208-660-061 by failing to pay the
Department an annual assessment in 2005 and 2006,
- 13 • WAC 208-660-150 by failing to notify the Department in writing that Respondents' surety
bond had been cancelled, and
- 14 • RCW 19.146.220(2)(b)(iii) and WAC 208-660-160(13) by failing to comply with a
15 Directive from the Department.

16 Based upon these conclusions, ALJ Mentzer ordered:

- 17 • The license of Respondents Quality First Mortgage Corp. and Jon M. Norton to conduct
the business of a mortgage broker is revoked,
- 18 • Respondent Jon M. Norton is prohibited from participating in the conduct of the affairs of
any mortgage broker subject to licensing by the Department as principal, officer, or
19 designated broker for a period of five years,
- 20 • Respondents Quality First Mortgage Corp. and Jon M. Norton are jointly and severally
liable to pay an investigation fee to the Department in the amount of \$621.14, and
- 21 • Respondents Quality First Mortgage Corp. and Jon M. Norton shall maintain records in
compliance with chapter 19.146 RCW and WAC 208-660-140 and provide the Department
22 with the location of the books, records, and other information relating to Quality First
Mortgage Corp.'s mortgage broker business, and the name, address, and telephone number
23 of the individual responsible for maintenance of such records.

1 On May 31, 2007, ALJ Mentzer mailed the Initial Order to Respondents and their counsel.

2 Pursuant to RCW 34.05.464 and WAC 10-08-211, Respondents had twenty (20) days from the
3 date of service of the Initial Decision and Order to file a Petition for Review of the Initial Decision and
4 Order. Respondents did not file a Petition for Review during the statutory period.

5 B. Record Presented. The record presented to the Director for his review and for entry of
6 a final decision included the following:

- 7 1. Amended Statement of Charges, cover letter dated April 5, 2006, and Notice of
8 Opportunity to Defend and Opportunity for Hearing, with documentation of service;
- 9 2. Applications for Adjudicative Hearing for Respondents Quality First Mortgage Corp.
10 and Jon M. Norton;
- 11 3. Request to OAH for Assignment of Administrative Law Judge;
- 12 4. Notice of Assignment of Administrative Law Judge dated June 28, 2006, with
13 documentation of service;
- 14 5. Initial Order dated May 31, 2007, with documentation of service;

15 C. Factual Findings and Grounds For Order. Pursuant to RCW 34.05.461, the Director
16 hereby adopts the Findings of Fact, Conclusions of Law, and Order set forth in the Initial Order, a copy of
17 which is attached hereto.

18 II. FINAL ORDER

19 Based upon the foregoing, and the Director having considered the record and being
20 otherwise fully advised, NOW, THEREFORE:

21 A. IT IS HEREBY ORDERED, that:

- 22 1. Respondents Quality First Mortgage Corp. and Jon M. Norton's license to conduct the
23 business of a Mortgage Broker is revoked; and

- 1 2. Respondent Jon M. Norton is prohibited from participation in the conduct of the
2 affairs of any mortgage broker subject to licensure by the Director, as principal,
3 officer, or designated broker, for a period of five (5) years; and
4 3. Respondents Quality First Mortgage Corp. and Jon M. Norton jointly and severally
5 pay an investigation fee of \$621.14.

6 B. Reconsideration. Pursuant to RCW 34.05.470, Respondents have the right to file a
7 Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition
8 must be filed in the Office of the Director of the Department of Financial Institutions by courier at 150
9 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,
10 Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondents. The
11 Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for
12 Reconsideration a prerequisite for seeking judicial review in this matter.

13 A timely Petition for Reconsideration is deemed denied if, within twenty (20) days from the date
14 the petition is filed, the agency does not (a) dispose of the petition or (b) serve the parties with a written
15 notice specifying the date by which it will act on a petition.

16 C. Stay of Order. The Director has determined not to consider a Petition to Stay the
17 effectiveness of this order. Any such requests should be made in connection with a Petition for Judicial
18 Review made under chapter 34.05 RCW and RCW 34.05.550.

19 D. Judicial Review. Respondents have the right to petition the superior court for
20 judicial review of this agency action under the provisions of chapter 34.05 RCW. For the requirements
21 for filing a Petition for Judicial Review, see RCW 34.05.510 and sections following.

22 E. Non-compliance with Order. If you do not comply with the terms of this order, the
23 Department may seek its enforcement by the Office of Attorney General to include the collection of the
24 fees imposed herein.

1 F. Service. For purposes of filing a Petition for Reconsideration or a Petition for
2 Judicial Review, service is effective upon deposit of this order in the U.S. mail, declaration of service
3 attached hereto.

4 DATED this 11th day of July, 2007.

5 STATE OF WASHINGTON
6 DEPARTMENT OF FINANCIAL INSTITUTIONS



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9 DEBORAH BORTNER
10 DIRECTOR
11 DIVISION OF CONSUMER SERVICES
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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
Mortgage Broker Practices Act of Washington by:

NO. C-05-143-06-SC02

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QUALITY FIRST MORTGAGE CORP.,
and JON M. NORTON, President, Owner and
Designated Broker,

**AMENDED STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER
AN ORDER TO REVOKE LICENSE, PROHIBIT
FROM INDUSTRY, AND COLLECT
INVESTIGATION FEE**

Respondent.

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). After having conducted an investigation pursuant to RCW 19.146.235, and based upon the facts available as of January 31, 2006, the Director issued Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Impose Fine, Prohibit from Industry, and Collect Investigation Fee, No. C-05-143-06-SC01 (SC01) on February 6, 2006.

After the issuance of Statement of Charge SC01, the Director received information requiring the amendment of Statement of Charges SC01. Based upon the facts available as of March 31, 2006, the Director now amends Statement of Charges SC01 by issuing Amended Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Prohibit from Industry, and Collection Investigation Fee, C-05-143-06-SC02, which includes the following modifications: removing Ladora L. Norton from the list of Respondents in paragraph 1.1C; and modifying the Notice of Intention to Enter Order (Section III) pursuant to the modifications to the Factual Allegations in Section I.

1 I. FACTUAL ALLEGATIONS

2 1.1 Respondents.

3 A. **Quality First Mortgage Corp. (Quality First)** was licensed by the Department of Financial
4 Institutions of the State of Washington (Department) to conduct business as a mortgage broker on July 8, 1997
5 and has continued to be licensed to date. Respondent Quality First is licensed to conduct the business of a
6 mortgage broker at the following two (2) locations:

7 (1) 18605 51st Avenue SE, Bothell, WA 98012, and

8 (2) 113 N. Second Street, La Conner, WA 98036.

9 B. **Jon M. Norton (J. Norton)** is the President, Owner, and Designated Broker of Respondent
10 Quality First. Respondent J. Norton was named Designated Broker of Respondent Quality First on July 8, 1997
11 and has continued as Designated Broker to date.

12 1.2 **Failure to Pay Annual Assessment.** An annual assessment fee for each license is due to the
13 Department no later than the last business day of April for the year then ended. Respondents failed to pay the
14 annual assessment of \$530.86 for the year ended April 2005, which was due to the Department no later than the
15 last business day of April 2005. As a result, the Department submitted a bond claim to Respondent Quality
16 First's surety, Great American Insurance Company, for payment of the annual assessment. In addition,
17 payment of the annual assessment of \$530.86 for the year ended April 2006 will be due to the Department no
18 later than the last business day of April 2006.

19 1.3 **Failure to Pay Branch Annual Assessment.** An annual assessment fee for each branch office
20 certificate is due to the Department no later than the last business day of April for the year then ended.
21 Respondents failed to pay the branch annual assessment of \$530.86 for the year ended April 2005, which was
22 due to the Department no later than the last business day of April 2005. As a result, the Department submitted a
23 bond claim to Respondent Quality First's surety, Great American Insurance Company, for payment of the
24 branch annual assessment. In addition, payment of the branch annual assessment of \$530.86 for the year ended
25 April 2006 will be due to the Department no later than the last business day of April 2006.

1 **1.4 Failure to Maintain Bond.** On April 19, 2005, the Department received notice from Great American
2 Insurance Company that Respondent Quality First's surety bond would be cancelled, effective May 19, 2005.
3 To date, Respondents have failed to notify the Department of the cancellation of the surety bond, and have
4 failed to provide the required surety bond or an approved alternative.

5 **1.5 Failure to Submit Continuing Education Certificate.** A certificate of satisfactory completion of an
6 approved continuing education course by a licensee's Designated Broker is due to the Department no later than
7 the last business day of April 2005 of each year. To date, the Department has not received the required
8 certificates from Respondent Jon M. Norton for the year ended April 2005.

9 **1.6 Failure to Respond to Directive.** On April 19, 2005, the Department sent a directive to Respondent
10 Quality First's last known address via first class mail. This directive was not returned. In addition, on April 29,
11 2005, the Department served a directive on Respondents Quality First and Jon M. Norton by certified mail. The
12 Department received a return receipt delivery confirmation with what appears to be Jon. M. Norton's signature
13 on May 5, 2005. These directives required an original, signed and sealed replacement bond or reinstatement
14 certificate for the previous bond. To date, the Department has not received a response to these directives.

15 **1.7 Failure to Notify Department of Significant Developments.**

16 A. As stated in paragraph 1.4, to date, Respondents have not notified the Department of the
17 cancellation of Respondent Quality First's surety bond.

18 B. Respondent Quality First's corporate license, maintained with the State of Washington
19 Secretary of State, expired on February 28, 2005. To date, Respondents have not notified the Department of
20 this change in standing with the State of Washington Secretary of State.

21 **1.8 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by
22 Respondents continues to date.

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1 **II. GROUNDS FOR ENTRY OF ORDER**

2 **2.1 Requirement to Maintain Surety Bond.** Based on the Factual Allegations set forth in Section I
3 above, Respondents are in apparent violation of RCW 19.146.205(4)(a) and WAC 208-660-080(1) for failing to
4 file and maintain a surety bond or approved alternative with the Department.

5 **2.2 Requirement to Submit Certificate of Completion of Continuing Education.** Based on the Factual
6 Allegations set forth in Section I above, Respondent Norton is in apparent violation of RCW 19.146.215 and
7 WAC 208-660-042 for failing to complete the annual continuing education requirement and file a certificate of
8 satisfactory completion no later than the last business day of the month in which the anniversary date of the
9 issuance of the licensee’s license occurs.

10 **2.3 Requirement to Pay Annual Assessments.** Based on the Factual Allegations set forth in Section I
11 above, Respondents are in apparent violation of RCW 19.146.228(1), WAC 208-660-060(3) and WAC 208-
12 660-061 for failing to pay to the Director an annual assessment fee no later than the last business day of the
13 month in which the anniversary date of the issuance of the mortgage broker’s license occurs.

14 **2.4 Requirement to Notify Department of Significant Developments.** Based on the Factual Allegations
15 set forth in Section I above, Respondents are in apparent violation of WAC 208-660-150(1)(e), WAC 208-660-
16 150(2), and WAC 208-660-150(3)(b), (e) and (f) for failing to notify the Director in writing within thirty days
17 after receipt of notification of cancellation of the licensee’s surety bond, and failing to notify the Director in
18 writing within five days after a change in standing with the state of Washington Secretary of State.

19 **2.5 Authority to Revoke License.** Pursuant to RCW 19.146.220(2)(b)(i), (ii), (iii) and (iv), and WAC
20 208-660-160, the Director may revoke a license for failure to pay a fee required by the Director or maintain the
21 required bond, failure to comply with any directive or order of the Director, any violation of RCW 19.146.050,
22 RCW 19.146.060(3), RCW 19.146.0201(1) through (9) or (12), RCW 19.146.205(4), or RCW 19.146.265.

23 **2.6 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(2)(e)(i), (ii), (iii) and (iv), the
24 Director may issue orders removing from office or prohibiting from participation in the conduct of the affairs of
25 a licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed

1 mortgage broker or any person subject to licensing under the Act for any violation of RCW 19.146.205(4), or
2 failure to comply with a directive or order of the Director.

3 **2.7 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-060(4) and
4 WAC 208-660-061, upon completion of any investigation of the books and records of a licensee or other person
5 subject to the Act, the Department will furnish to the licensee or other person subject to the Act a billing to cover
6 the cost of the investigation. The investigation charge will be calculated at the rate of forty-seven dollars and
7 seventy-eight cents (\$47.78) per hour that each staff person devoted to the investigation.

8 **III. NOTICE OF INTENTION TO ENTER ORDER**

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

13 **3.1** Respondent Quality First Mortgage Corp.'s license to conduct the business of a mortgage broker be
14 revoked; and

15 **3.2** Respondent Jon M. Norton be prohibited from participation in the conduct of the affairs of any mortgage
16 broker subject to licensure by the Director, as a principal, officer, or designated broker, for a period of five
17 (5) years; and

18 **3.3** Respondents Quality First Mortgage Corp. and Jon M. Norton jointly and severally pay an investigation fee
19 in the amount of \$621.14 calculated at \$47.78 per hour for the thirteen (13) staff hours devoted to the
20 investigation; and

21 **3.4** Respondents maintain records in compliance with the Act and provide the Department with the location of
22 the books, records and other information relating to Respondent Quality First's mortgage broker business,
23 and the name, address and telephone number of the individual responsible for maintenance of such records
24 in compliance with the Act.

25 **IV. AUTHORITY AND PROCEDURE**

This Statement of Charges and Notice of Intention to Enter an Order to revoke license, impose fine, prohibit
from industry, and collection investigation fee (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). Respondent may make a written request for a

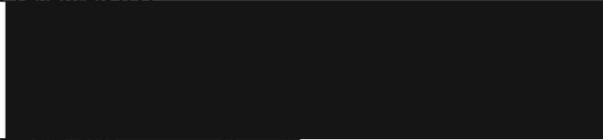
1 hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR
2 HEARING accompanying this Statement of Charges.

3 Dated this 31st day of March, 2006.



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6 **CHUCK CROSS**
7 Director
8 Division of Consumer Services
9 Department of Financial Institutions

10 Presented by:



11 Karolyn R. Klohe
12 Financial Legal Examiner

13 Approved by:



14 **JAMES R. BRUSSELBACK**
15 Enforcement Chief



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

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Mortgage Broker Practices Act of Washington by:

NO. C-05-143-06-SC01

QUALITY FIRST MORTGAGE CORP.,
JON M. NORTON, President, Owner and
Designated Broker, and LADORA L. NORTON,
Vice President,

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

Respondents.

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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). After having conducted an investigation pursuant to RCW 19.146.235, and based upon the facts available as of January 31, 2006, the Director institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. **Quality First Mortgage Corp. (Quality First)** was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker on July 8, 1997 and has continued to be licensed to date. Respondent Quality First is licensed to conduct the business of a mortgage broker at the following two (2) locations:

- (1) 18605 51st Avenue SE, Bothell, WA 98012, and
- (2) 113 N. Second Street, La Conner, WA 98036.

1 B. **Jon M. Norton (J. Norton)** is the President, Owner, and Designated Broker of Respondent
2 Quality First. Respondent J. Norton was named Designated Broker of Respondent Quality First on July 8, 1997
3 and has continued as Designated Broker to date.

4 C. **Ladora L. Norton (L. Norton)** is the Vice-President of Respondent Quality First.

5 **1.2 Failure to Pay Annual Assessment.** An annual assessment fee for each license is due to the
6 Department no later than the last business day of April for the year then ended. Respondents failed to pay the
7 annual assessment of \$530.86 for the year ended April 2005, which was due to the Department no later than the
8 last business day of April 2005. As a result, the Department submitted a bond claim to Respondent Quality
9 First's surety, Great American Insurance Company, for payment of the annual assessment. In addition,
10 payment of the annual assessment of \$530.86 for the year ended April 2006 will be due to the Department no
11 later than the last business day of April 2006.

12 **1.3 Failure to Pay Branch Annual Assessment.** An annual assessment fee for each branch office
13 certificate is due to the Department no later than the last business day of April for the year then ended.
14 Respondents failed to pay the branch annual assessment of \$530.86 for the year ended April 2005, which was
15 due to the Department no later than the last business day of April 2005. As a result, the Department submitted a
16 bond claim to Respondent Quality First's surety, Great American Insurance Company, for payment of the
17 branch annual assessment. In addition, payment of the branch annual assessment of \$530.86 for the year ended
18 April 2006 will be due to the Department no later than the last business day of April 2006.

19 **1.4 Failure to Maintain Bond.** On April 19, 2005, the Department received notice from Great American
20 Insurance Company that Respondent Quality First's surety bond would be cancelled, effective May 19, 2005.
21 To date, Respondents have failed to notify the Department of the cancellation of the surety bond, and have
22 failed to provide the required surety bond or an approved alternative.

23 **1.5 Failure to Submit Continuing Education Certificate.** A certificate of satisfactory completion of an
24 approved continuing education course by a licensee's Designated Broker is due to the Department no later than
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1 the last business day of April 2005 of each year. To date, the Department has not received the required
2 certificates from Respondent Jon M. Norton for the year ended April 2005.

3 **1.6 Failure to Respond to Directive.** On April 19, 2005, the Department sent a directive to Respondent
4 Quality First's last known address via first class mail. This directive was not returned. In addition, on April 29,
5 2005, the Department served a directive on Respondents Quality First and Jon M. Norton by certified mail. The
6 Department received a return receipt delivery confirmation with what appears to be Jon. M. Norton's signature
7 on May 5, 2005. These directives required an original, signed and sealed replacement bond or reinstatement
8 certificate for the previous bond. To date, the Department has not received a response to these directives.

9 **1.7 Failure to Notify Department of Significant Developments.**

10 A. As stated in paragraph 1.4, to date, Respondents have not notified the Department of the
11 cancellation of Respondent Quality First's surety bond.

12 B. Respondent Quality First's corporate license, maintained with the State of Washington
13 Secretary of State, expired on February 28, 2005. To date, Respondents have not notified the Department of
14 this change in standing with the State of Washington Secretary of State.

15 **1.8 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by
16 Respondents continues to date.

17 **II. GROUNDS FOR ENTRY OF ORDER**

18 **2.1 Requirement to Maintain Surety Bond.** Based on the Factual Allegations set forth in Section I
19 above, Respondents are in apparent violation of RCW 19.146.205(4)(a) and WAC 208-660-080(1) for failing to
20 file and maintain a surety bond or approved alternative with the Department.

21 **2.2 Requirement to Submit Certificate of Completion of Continuing Education.** Based on the Factual
22 Allegations set forth in Section I above, Respondent Norton is in apparent violation of RCW 19.146.215 and
23 WAC 208-660-042 for failing to complete the annual continuing education requirement and file a certificate of
24 satisfactory completion no later than the last business day of the month in which the anniversary date of the
25 issuance of the licensee's license occurs.

1 **2.3 Requirement to Pay Annual Assessments.** Based on the Factual Allegations set forth in Section I
2 above, Respondents are in apparent violation of RCW 19.146.228(1), WAC 208-660-060(3) and WAC 208-
3 660-061 for failing to pay to the Director an annual assessment fee no later than the last business day of the
4 month in which the anniversary date of the issuance of the mortgage broker's license occurs.

5 **2.4 Requirement to Notify Department of Significant Developments.** Based on the Factual Allegations
6 set forth in Section I above, Respondents are in apparent violation of WAC 208-660-150(1)(e), WAC 208-660-
7 150(2), and WAC 208-660-150(3)(b), (e) and (f) for failing to notify the Director in writing within thirty days
8 after receipt of notification of cancellation of the licensee's surety bond, and failing to notify the Director in
9 writing within five days after a change in standing with the state of Washington Secretary of State.

10 **2.5 Authority to Revoke License.** Pursuant to RCW 19.146.220(2)(b)(i), (ii), (iii) and (iv), and WAC
11 208-660-160, the Director may revoke a license for failure to pay a fee required by the Director or maintain the
12 required bond, failure to comply with any directive or order of the Director, any violation of RCW 19.146.050,
13 RCW 19.146.060(3), RCW 19.146.0201(1) through (9) or (12), RCW 19.146.205(4), or RCW 19.146.265.

14 **2.6 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(2)(e)(i), (ii), (iii) and (iv), the
15 Director may issue orders removing from office or prohibiting from participation in the conduct of the affairs of
16 a licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed
17 mortgage broker or any person subject to licensing under the Act for any violation of RCW 19.146.205(4), or
18 failure to comply with a directive or order of the Director.

19 **2.7 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-060(4) and
20 WAC 208-660-061, upon completion of any investigation of the books and records of a licensee or other person
21 subject to the Act, the Department will furnish to the licensee or other person subject to the Act a billing to cover
22 the cost of the investigation. The investigation charge will be calculated at the rate of forty-seven dollars and
23 seventy-eight cents (\$47.78) per hour that each staff person devoted to the investigation.

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

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

- 6 **3.1** Respondent Quality First Mortgage Corp.'s license to conduct the business of a mortgage broker be
7 revoked; and
- 8 **3.2** Respondent Jon M. Norton be prohibited from participation in the conduct of the affairs of any mortgage
9 broker subject to licensure by the Director, as a principal, officer, or designated broker, for a period of five
10 (5) years; and
- 11 **3.3** Respondent Ladora L. Norton be prohibited from participation in the conduct of the affairs of any mortgage
12 broker subject to licensure by the Director, as a principal, officer, or designated broker, for a period of five
13 (5) years; and
- 14 **3.4** Respondents Quality First Mortgage Corp., Jon M. Norton and Ladora L. Norton jointly and severally pay
15 an investigation fee in the amount of \$621.14 calculated at \$47.78 per hour for the thirteen (13) staff hours
16 devoted to the investigation; and
- 17 **3.5** Respondents maintain records in compliance with the Act and provide the Department with the location of
18 the books, records and other information relating to Respondent Quality First's mortgage broker business,
19 and the name, address and telephone number of the individual responsible for maintenance of such records
20 in compliance with the Act.

21 **IV. AUTHORITY AND PROCEDURE**

22 This Statement of Charges and Notice of Intention to Enter an Order to revoke license, impose fine, prohibit
23 from industry, and collection investigation fee (Statement of Charges) is entered pursuant to the provisions of
24 RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.230, and is subject to the provisions
25 of chapter 34.05 RCW (The Administrative Procedure Act). Respondent may make a written request for a

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1 hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR
2 HEARING accompanying this Statement of Charges.

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4 Dated this 6th day of February, 2006.



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6
7 **CHUCK CROSS**
8 Director
9 Division of Consumer Services
10 Department of Financial Institutions

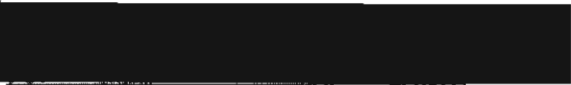
11 Presented by:



12 Karolyn R. Klohe
13 Financial Legal Examiner



14 Approved by:



15
16 **JAMES R. BRUSSELBACK**
17 Enforcement Chief