

**ORDER SUMMARY – Case Number: C-09-027**

**Name(s):** Loansource Funding LLC  
James C. Slaight

**Order Number:** C-09-027-09-CO01

**Effective Date:** August 17, 2010

**License Number:** DFI: 23169 [NMLS: 1956] LoanSource  
**Or NMLS Identifier [U/L]** DFI: 23272 [NMLS: 6942] Slaight -Deceased  
(Revoked, suspended, stayed, application denied or withdrawn)  
 If applicable, you must specifically note the ending dates of terms.

**License Effect:** Surrendered

**Not Apply Until:** August 18, 2015 -for MB license

**Not Eligible Until:** \_\_\_\_\_

**Prohibition/Ban Until:** n/a

<b>Investigation Costs</b>	\$7,680	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
<b>Fine</b>	\$15,741.17	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
<b>Assessment(s)</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Restitution</b>	\$1,578.83	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 1/9/2010
<b>Judgment</b>	\$23,421.17	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
<b>Satisfaction of Judgment Filed?</b>		<input type="checkbox"/> Y <input checked="" type="checkbox"/> N		
No. of Victims:				

**Comments:** Confession of Judgment filed 8/20/10

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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:  
  
LOANSOURCE FUNDING, LLC, and  
JAMES C. SLAIGHT, President, Designated  
Broker, and 100% Owner,  
  
Respondents.

NO. C-09-027-09-CO01  
  
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 LoanSource Funding, LLC (hereinafter Respondent LoanSource), and James C. Slaight, President, Designated broker, and Owner (hereinafter Respondent Slaight), 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 19.146 of the Revised Code of Washington (RCW) and RCW 34.05.060 of the Administrative Procedure Act based on the following:

**AGREEMENT AND ORDER**

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-09-027-09-SC01 (Statement of Charges), entered June 3, 2009, (copy attached hereto). Pursuant to

1 chapter 19.146 RCW, the Mortgage Broker Practices Act (Act), and RCW 34.05.060 of the  
2 Administrative Procedure Act, Respondents hereby agree to the Department's entry of this Consent Order  
3 and further agree that the issues raised in the above-captioned matter may be economically and efficiently  
4 settled by entry of this Consent Order. The parties intend this Consent Order to fully resolve the  
5 Statement of Charges. Respondents are agreeing not to contest the Statement of Charges in consideration  
6 of the terms of this Consent Order.

7 Based upon the foregoing:

8 A. **Jurisdiction.** It is AGREED that the Department has jurisdiction over the subject matter of  
9 the activities discussed herein.  
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11 B. **Waiver of Hearing.** It is AGREED that Respondents have been informed of the right to a  
12 hearing before an administrative law judge, and that they hereby waive their right to a hearing and any  
13 and all administrative and judicial review of the issues raised in this matter, or of the resolution reached  
14 herein. Accordingly, by their signatures below, Respondents hereby withdraw their appeal.

15 C. **No Admission of Liability.** It is AGREED that Respondents do not admit to any  
16 wrongdoing by entry of this Consent Order.

17 D. **License Surrender.** It is AGREED that the Department will accept the voluntary surrender  
18 of the Mortgage Broker license of Respondent LoanSource and the Loan Originator/Designated Broker  
19 license of Respondent Slaight. Respondents shall take all steps necessary to surrender said licenses  
20 within five business days of the entry of this Consent Order.  
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22 E. **Agreement not to Apply.** It is AGREED that Respondents shall not apply for a mortgage  
23 broker license for a period of five years from the date of this Consent Order. It is further AGREED that  
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1 Respondent Slaight shall not be eligible to be a designated broker for a period of five years from the date  
2 of this Consent Order.

3 F. **Restitution.** It is AGREED that Respondents have paid restitution in the amount of  
4 \$1,578.83 to borrower [REDACTED] prior to the entry of this Consent Order.

5 G. **Fine.** It is AGREED that Respondents shall pay to the Department a fine of \$15,741.17 in the  
6 form of a confession of judgment in favor of the Department upon entry of this Consent Order.

7 H. **Investigation Fee.** It is AGREED that Respondents shall pay to the Department an  
8 investigation fee of \$7,680 in the form of a confession of judgment in favor of the Department. Both the  
9 fine and investigation fee may be included in the same confession of judgment.

10 I. **Records Retention.** It is AGREED that Respondents shall maintain records in compliance  
11 with the Act and provide the Department with the location of the books, records, and other information  
12 relating to Respondents' mortgage broker business; and the name, address, and telephone number of the  
13 individual responsible for maintenance of such records in compliance with the Act.

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

18 K. **Voluntarily Entered.** It is AGREED that the undersigned Respondents have voluntarily  
19 entered into this Consent Order, which is effective when signed by the Director's designee.

20 L. **Completely Read, Understood, and Agreed.** It is AGREED that Respondents have read  
21 this Consent Order in its entirety and fully understand and agree to all of the same.  
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1 **RESPONDENTS:**

2 **LoanSource Funding, LLC**

3 By:

[Redacted signature]

2/5/10

4 James C. Slaight  
5 President and Owner

Date

[Redacted signature]

2/5/10

6 James C. Slaight  
7 Individually

Date

8 Approved for Entry:  
9 [Redacted signature]

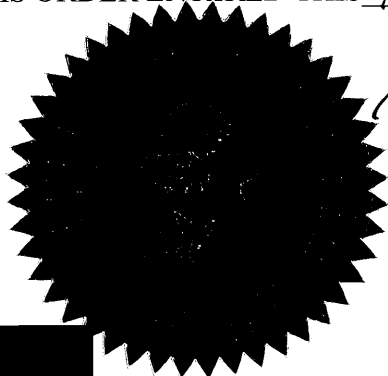
2/8/10

10 W. Theodore Vander Wel, WSBA #18200  
11 Attorney for Respondents

Date

12 **DO NOT WRITE BELOW THIS LINE**

13 THIS ORDER ENTERED THIS 17<sup>th</sup> DAY OF August, 2010.



14 [Redacted signature]

15 DEBORAH BORTNER  
16 Director  
17 Division of Consumer Services  
18 Department of Financial Institutions

19 Presented by:

[Redacted signature]

20 STEVEN C. SHERMAN  
21 Financial Legal Examiner

22 Approved by:

[Redacted signature]

23 JAMES R. BRUSSELBACK  
24 Enforcement Chief

COPY  
ORIGINAL FILED

AUG 20 2010

Sherry W. Parker, Clerk, Clark Co.

STATE OF WASHINGTON  
CLARK COUNTY SUPERIOR COURT

STATE OF WASHINGTON, DEPARTMENT  
OF FINANCIAL INSTITUTIONS,

NO.

10 2 03318 5

CONFESSION OF JUDGMENT

Plaintiff,

[Clerk's Action Required]

vs.

LOANSOURCE FUNDING LLC, and  
JAMES C. SLAIGHT,

Defendants.

Judgment Summary

Judgment Creditor:	State of Washington, Department of Financial Institutions
Attorneys for Department of Financial Institutions:	Robert M. McKenna, Washington Attorney General Charles E. Clark, Assistant Attorney General
Judgment Debtors:	Loansource Funding LLC and James C. Slaight (Jointly and Severally)
Principal Judgment Amount:	\$23,421.17
Total Judgment Amount:	\$23,421.17
Post-Judgment Interest (per annum):	12%

COPY

1  
2 Pursuant to Chapter 4.60 of the Revised Code of Washington, Judgment by Confession,  
3 defendants Loansource Funding LLC and James C. Slaight hereby authorize entry of a  
4 judgment under the following terms:

5 **Factual Basis for Judgment**

6 The State of Washington, Department of Financial Institutions, Loansource Funding  
7 LLC and James C. Slaight have agreed upon a basis for resolution of the matters alleged in  
8 Statement of Charges No. C-09-027-09-SC01 (Statement of Charges), entered June 3, 2009.  
9 Loansource Funding LLC and James C. Slaight have agreed to enter into a Confession of  
10 Judgment, pursuant to chapter 4.60 RCW, in the amount of \$23,421.17, of which they shall be  
11 jointly and severally liable for paying the entire \$23,421.17, composed of a fine of \$15,741.17  
12 and an investigation fee of \$7,680.

13 **Authorization for Entry of Judgment**

14 I, James C. Slaight, being duly sworn upon oath, acknowledge my debt of \$23,421.17  
15 to the State of Washington, Department of Financial Institutions, and I authorize entry of  
16 judgment against me for the amount set forth in the judgment summary above.

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1 As the authorized representative of Loansource Funding, LLC, I also acknowledge this same  
2 joint and several debt of \$23,421.17 to the State of Washington, Department of Financial  
3 Institutions on behalf of Loansource Funding LLC and authorize entry of judgment against  
4 Loansource Funding LLC for the amount set forth in the judgment summary above.

5 DATED this 2 day of FEB, 2010.

6   
7 JAMES C. SLAIGHT, Individually

8   
9 JAMES C. SLAIGHT,  
10 Managing Member and Owner  
11 Loansource Funding LLC

12 SUBSCRIBED AND SWORN TO before me in Vancouver, Washington this  
13 5<sup>th</sup> day of February, 2010.

14   
15 Craig S. Andersen  
16 Notary Public in and for the State of  
17 Washington, residing at Vancouver,  
Washington.  
My Commission expires: 04/29/2011

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Order for Entry

The above Confession of Judgment having been presented to this Court for entry in accordance with RCW 4.60.070, the Court having found said Confession of Judgment to be sufficient, now, therefore, it is hereby

ORDERED that the Clerk of this Court shall forthwith enter Judgment against Loansource Funding LLC and James C. Slaight, in accordance with the terms of the Confession of Judgment.

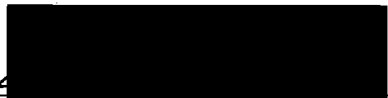
DONE IN OPEN COURT this 20<sup>th</sup> day of August, 2010.

/s/ ROBERT A. LEWIS

JUDGE/COURT COMMISSIONER

Presented by:

ROBERT M. MCKENNA  
Attorney General



CHARLES E. CLARK  
Assistant Attorney General  
WSBA No. 28918  
Attorneys for State of Washington  
Department of Financial Institutions

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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:

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LOANSOURCE FUNDING, LLC, and  
JAMES C. SLAIGHT, President, Designated  
Broker, and 100% Owner,

Respondents.

NO. C-09-027-09-SC01

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

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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)<sup>1</sup>. After having conducted an investigation pursuant to RCW 19.146.235, and based upon the facts available as of the date of this Statement of Charges, the Director, through his designee, Division of Consumer Services Director Deborah Bortner, institutes this proceeding and finds as follows:

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**I. FACTUAL ALLEGATIONS**

**1.1 Respondents.**

**A. LoanSource Funding, LLC, (LoanSource)** was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker on March 21, 2002, and has continued to be licensed to date. Respondent LoanSource is licensed to conduct the business of a mortgage broker at one location at 16703 SE McGillvray Blvd., Suite 215, Vancouver, Washington.

<sup>1</sup> RCW 19.146 (1994) OR (2006) OR both

1           **B. James C. Slaight (Slaight)** is President, Designated Broker, and 100% Owner of  
2 Respondent LoanSource. Respondent Slaight was named Designated Broker of Respondent  
3 LoanSource on March 21, 2002, and has continued as Designated Broker to date. On November 15,  
4 2006, the Department issued Respondent Slaight a loan originator license.

5           **1.2 Examination.** From January 12 through 16, 2009, the Department examined Respondents'  
6 business practices for the period of October 1, 2006 through September 30, 2008. The Department  
7 reviewed seventy residential loan files.

8           **1.3 Unlicensed Loan Originator Activity.** Between August 1, 2007, and September 5, 2007,  
9 Respondents permitted unlicensed loan originator Cesar Gastiaburu to originate two residential  
10 mortgage loans.

11           **1.4 Application Fraud.**

12           **A.** On or about September 27, 2006, Respondents' loan originator Virgil Williams-Goss  
13 assisted borrower M.P. with two residential mortgage applications. One was to refinance the  
14 borrower's primary residence and the other was to purchase a primary residence. On the application  
15 for the refinance loan, Williams-Goss stated the borrower's monthly gross income to be \$6,450. On  
16 the application for the purchase loan, however, Williams-Goss stated the borrower's monthly gross  
17 income to be \$11,500.

18           **B.** On or about August 31, 2006, Respondents' loan originator Hector Zarate assisted  
19 borrower J.H-P. with an application to refinance the borrower's primary residence. On or about  
20 October 18, 2006, while the refinance loan was pending, Zarate assisted borrower J.H-P. with an  
21 application to purchase a new primary residence. The purchase loan closed on November 28, 2006, as  
22 the borrower's primary residence and the refinance loan closed on November 30, 2006, as the  
23 borrower's primary residence.

1 The refinance loan required full documentation, and Zarate prepared the application stating the  
2 borrower's monthly gross income as \$2,103, and the co-borrower's monthly gross income as \$957;  
3 both which were supported by current pay stubs. The purchase loan, however, was a stated-income  
4 loan which did not require documentation. Zarate completed the application stating the borrower's  
5 income as \$4,985 and the co-borrower's income as \$2,256.

6 **1.5 Failure to Provide Accurate and Complete Truth-In-Lending Disclosures.** In six loan  
7 files, Respondents provided Truth-in-Lending disclosures that were not properly completed due to  
8 Respondents' failure to complete the lower section of the disclosure to disclose whether the loan had a  
9 variable rate feature, prepayment penalty, security interest, assumption policy, or late payment fee.

10 **1.6 Collecting an Unlawful Fee.** In one loan, Respondents charged a discount point fee of  
11 \$1,578.83 when Respondents were not the lender and had no ability to discount the loan.

12 **1.7 Failure to Properly Disclose Fees Paid to Mortgage Broker.** In 50 loans, Respondents did  
13 not specify on the Good Faith Estimate disclosure, within three business days of receiving an  
14 application, all fees which were to be paid to Respondents. In six of these loans, Respondents listed  
15 their mortgage broker fees on line 801 of the Good faith Estimate disclosure.

16 **1.8 Failure to Provide Written Notice on Borrower Paid Services.** In 66 loans, Respondents  
17 did not provide a written notice to borrowers notifying them that if the borrower is unable to obtain a  
18 loan the mortgage broker must within five days of request give copies of the appraisal, title report, or  
19 credit report paid for by the borrower, and transmit them to any other mortgage broker or lender to  
20 whom the borrower directs the documents be sent.

21 **1.9 Failure to Properly Disclose the Yield Spread Premium.** In 51 of 55 loans with Yield  
22 Spread Premiums, Respondents did not properly disclose the Yield Spread Premium by not identifying  
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1 it as "Yield Spread Premium," by listing it somewhere other than in the 800 section of the Good Faith  
2 Estimate disclosure, or by disclosing it as a percentage.

3 **1.10 Failure to Display Loan Originator License Number.** In 58 loans, Respondents did not  
4 ensure that their loan originators' license numbers appeared following their names on the loan  
5 applications.

6 **1.11 Failure to Provide Rate Lock Disclosures.** In 11 loans, Respondents did not provide  
7 borrowers with a rate lock disclosure.

8 **1.12 Failure to Properly Provide Rate Lock-In Agreements.** In 25 loans, Respondents did not  
9 properly provide rate lock-in agreements either by providing a blank form, by providing a form that  
10 was incomplete, or by not providing a form.

11 **1.13 Failure to Provide Disclosure Summary.** In seven of 16 loans originated after June 12, 2008,  
12 Respondents did not provide the one-page disclosure summary required by RCW 19.144.020.

13 **1.14 Failure to Maintain Funds from Borrower for Payment of Third-Party Providers in**  
14 **Trust.** In 31 loans, Respondents received payment at closing for third-party services and deposited  
15 the funds into their general account instead of a trust account.

16 **1.15 On-Going Investigation.** The Department's investigation into the alleged violations of the  
17 Act by Respondents continues to date.

## 18 II. GROUNDS FOR ENTRY OF ORDER

19 **2.1 Unlicensed Loan Originator Activity.** Based on the Factual Allegations set forth in Section I  
20 above, Respondents are in apparent violation of RCW 19.146.0201(2) and (3), RCW 19.146.200(1),  
21 WAC 208-660-155(9), and WAC 208-660-500(3)(b) and (c) for utilizing the services of unlicensed  
22 loan originators to assist borrowers with applying for or obtaining residential mortgage loans.

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1 **2.2 Application Fraud.** Based on the Factual Allegations set forth in Section I above,  
2 Respondents are in apparent violation of RCW 19.146.0201(1), (2), and (3) for misstating occupancy  
3 and income information on loan applications.

4 **2.3 Requirement to Provide Accurate and Complete Truth-In-Lending Disclosures.** Based on  
5 the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW  
6 19.146.0201(2), (6), (7), (11), and (15), RCW 19.146.030(2), WAC 208-660-430(1) and (3), and  
7 WAC 208-660-500(3)(b), (s), and (w) for failing to provide accurate Truth-in-Lending disclosures.

8 **2.4 Collecting an Unlawful Fee.** Based on the Factual Allegations set forth in Section I above,  
9 Respondents are in apparent violation of RCW 19.146.0201(2) and (3) and WAC 208-660-500(3)(e)(i)  
10 for charging a loan discount fee when Respondents were not the lender and did not have the ability to  
11 discount the loan.

12 **2.5 Requirement to Properly Disclose Fees Paid to Mortgage Broker.** Based on the Factual  
13 Allegations set forth in Section I above, Respondents are in apparent violation of RCW  
14 19.146.0201(2), (6), (11), (13), and (15), RCW 19.146.030(1), WAC 208-660-430(1) and (2), and  
15 WAC 208-660-500(3)(b), (s) and (w) for failing to disclose all fees which inure to the benefit of the  
16 mortgage broker within three business days of receiving a borrower's application and failing to  
17 provide accurate Good Faith Estimate disclosures.

18 **2.6 Requirement to Provide Written Notice on Borrower Paid Services.** Based on the Factual  
19 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.0201  
20 (2), (6), (11), (13), and (15), and RCW 19.146.030(2)(d) for failing to provide a written notice to  
21 borrowers notifying them that if the borrower is unable to obtain a loan the mortgage broker must  
22 within five days of request give copies of the appraisal, title report, or credit report paid for by the  
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1 borrower, and transmit them to any other mortgage broker or lender to whom the borrower directs the  
2 documents be sent.

3 **2.7 Requirement to Properly Disclose the Yield Spread Premium.** Based on the Factual  
4 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.0201  
5 (2) and WAC 208-660-430(5)(a) for not properly disclosing the Yield Spread Premium.

6 **2.8 Requirement to Display Loan Originator License Number.** Based on the Factual  
7 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.0201  
8 (2) and WAC 208-660-350(26), and WAC 208-660-500(3)(b) for failing to ensure that loan  
9 originator's license numbers are included on loan applications.

10 **2.9 Requirement to Comply with Rate Lock Requirements.** Based on the Factual Allegations  
11 set forth in Section I above, Respondents are in apparent violation of RCW 19.146.0201(2), (6), and  
12 (15), RCW 19.146.030(2)(c), WAC 208-660-430(1), (3), and (5), and WAC 208-660-500(3)(b) and  
13 (w) for failure to disclose, where applicable, the cost, terms, duration, and conditions of a lock-in  
14 agreement, whether a lock-in agreement has been entered, or whether the lock-in agreement is  
15 guaranteed by the mortgage broker or lender, and if a lock-in agreement has not been entered,  
16 disclosure in a form acceptable to the Director that the disclosed interest rate and terms are subject to  
17 change.

18 **2.10 Requirement to Provide Disclosure Summary.** Based on the Factual Allegations set forth in  
19 Section I above, Respondents are in apparent violation of RCW 19.146.0201(2) and (6) for failing to  
20 provide the disclosure summary required by RCW 19.144.020.

21 **2.11 Requirement to Maintain Funds from Borrower for Payment of Third-Party Providers in**  
22 **Trust.** Based on the Factual Allegations set forth in Section I above, Respondents are in apparent  
23

1 violation of RCW 19.146.0201(2), RCW 19.146.050, and WAC 208-660-410(22)(b) and (24)(b) for  
2 depositing trust funds into their general account.

### 3 III. AUTHORITY TO IMPOSE SANCTIONS

4 **3.1 Responsibility for Conduct of Loan Originators.** Pursuant to RCW 19.146.245 and WAC  
5 208-660-155(3), a licensed mortgage broker is liable for any conduct violating the Act by the  
6 designated broker or a loan originator employed or engaged by the licensed mortgage broker.

7 Pursuant to RCW 19.146.200(4)(a) and (b), a designated broker or principal of a licensed mortgage  
8 broker is liable for an employee's violations of the Act committed after January 1, 2007, if the  
9 designated broker or principal directs or instructs the conduct, or with knowledge of the specific  
10 conduct approves or allows the conduct, or knows or by the exercise of reasonable care and inquiry  
11 should have known of the conduct at a time when its consequences can be avoided or mitigated and  
12 fails to take reasonable remedial action.

13 **3.2 Authority to Revoke or Suspend License.** Pursuant to RCW 19.146.220(2)(e), the Director  
14 may revoke a license for any violation of the Act committed on or after January 1, 2007.

15 **3.3 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(5), the Director may  
16 issue orders removing from office or prohibiting from participation in the conduct of the affairs of a  
17 licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed  
18 mortgage broker or any person subject to licensing under the Act for any violation of RCW  
19 19.146.0201(1) through (9) or (13), RCW 19.146.030 through RCW 19.146.080, RCW 19.146.200, or  
20 RCW 19.146.265 committed on or after January 1, 2007.

21 **3.4 Authority to Impose Fine.** Pursuant to former RCW 19.146.220(2)(c)(i) and (ii) and former  
22 WAC 208-660-165, the Director may impose fines on a licensee, employee or loan originator of the  
23 licensee, or other person subject to the Act for any violations of RCW 19.146.0201(1) through (9) or



1 (12), RCW 19.146.030 through RCW 19.146.080, RCW 19.146.200, RCW 19.146.205(4), or RCW  
2 19.146.265, or failure to comply with a directive or order of the Director. Pursuant to RCW  
3 19.146.220(2)(e), the Director may impose a fine for any violation of the Act committed on or after  
4 January 1, 2007.

5 **3.5 Authority to Order Restitution.** Pursuant to former RCW 19.146.220(d)(ii), the Director may  
6 issue orders directing a licensee, its employee or loan originator, or other person subject to the Act to pay  
7 restitution to an injured borrower. Pursuant to RCW 19.146.220(e), the Director may issue orders  
8 directing a licensee or other person subject to the Act to pay restitution for any violation of the Act  
9 committed on or after January 1, 2007.

10 **3.6 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2) and WAC 208-660-  
11 550, the Department may collect the costs of investigation. The investigation charge will be calculated at  
12 the rate of \$48 per hour that each examiner devoted to the investigation.

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

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

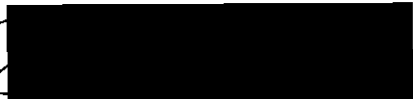
- 6 **4.1** Respondents LoanSource Funding, LLC, and James C. Slaight's license to conduct the business  
7 of a mortgage broker be revoked or suspended;
- 8 **4.2** Respondent James C. Slaight's license to conduct the business of a designated broker or loan  
9 originator be revoked or suspended;
- 10 **4.3** Respondents LoanSource Funding, LLC, and James C. Slaight be prohibited from participation in  
11 the conduct of the affairs of any mortgage broker subject to licensure by the Director, in any  
12 manner, for a period of five years;
- 13 **4.4** Respondents LoanSource Funding, LLC, and James C. Slaight jointly and severally pay a fine  
14 which as of the date of these charges totals \$50,000;
- 15 **4.5** Respondents LoanSource Funding, LLC, and James C. Slaight jointly and severally pay  
16 restitution to the borrowers set forth in Appendix A, which is incorporated herein by reference;
- 17 **4.6** Respondents LoanSource Funding, LLC, and James C. Slaight jointly and severally pay an  
18 investigation fee which as of the date of these charges totals \$7,680, calculated at \$48 per hour for  
19 the 160 examiner hours devoted to the investigation; and
- 20 **4.7** Respondents LoanSource Funding, LLC, and James C. Slaight maintain records in compliance  
21 with the Act and provide the Department with the location of the books, records and other  
22 information relating to Respondents' mortgage broker business, and the name, address and  
23 telephone number of the individual 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 Licenses, Prohibit from Industry, Impose Fine, Order Restitution, and Collect 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). 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 3<sup>rd</sup> day of June, 2009.



DEBORAH BORTNER  
Director  
Division of Consumer Services  
Department of Financial Institutions

Presented by:



STEVEN C. SHERMAN  
Financial Legal Examiner



Approved by:



JAMES R. BRUSSELBACK  
Enforcement Chief

1 **RESTITUTION**

2	<b>Borrower</b>	<b>Loan Number</b>	<b>Amount</b>
3	E.A.		\$ 595.00
4	M.A.		\$ 995.00
5	A.B.		\$1,195.00
6	A.B.		\$ 895.00
7	A.B.		\$ 295.00
8	D.B.		\$ 995.00
9	F.C-G.		\$1,455.00
10	C.C.		\$1,095.00
11	J.C.		\$ 895.00
12	R.E.		\$ 1,190.00
13	E.E.		\$1,790.00
14	J.G.		\$ 595.00
15	R.G.		\$2,090.00
16	A.G.		\$1,345.00
17	C.G.		\$1,605.00
18	D.G.		\$ 995.00
19	J.G.		\$ 630.00
20	L.G.		\$1,605.94
21	A.H.		\$ 712.00
22	M.K.		\$ 695.00
23	R.L.		\$1,707.00

1	B.L.		\$ 517.20
2	P.L.		\$ 517.20
3	A.L.		\$1,190.00
4	R.L.		\$1,290.00
5	E.M.		\$1,266.13
6	N.M.		\$ 612.00
7	T.M.		\$ 519.20
8	R.M.		\$ 595.00
9	N.N.		\$1,290.00
10	J.P.		\$ 631.00
11	J.R-C.	6	\$1,290.00
12	R.R.		\$ 917.00
13	A.S.		\$ 811.80
14	E.S.		\$ 495.00
15	A.T.		\$ 18.00
16	G.T-M.		\$1,290.00
17	M.T.		\$1,198.00
18	E.V.		\$1,790.00
19	M.V.		\$ 595.00
20	Y.V.		\$1,290.00
21	B.V.		\$1,290.00
22	M.W.		\$ 614.20
23	D.Z.		\$2,193.83

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