

Terms Completed

ORDER SUMMARY – Case Number: C-09-242

Name(s): Northern States Mortgage LLC

Order Number: C-09-242-12-FO1

Effective Date: July 26, 2012

License Number: MB 28775 / NMLS 114753

Or NMLS Identifier [U/L] (Revoked, suspended, stayed, application denied or withdrawn)

License Effect: n/a
If applicable, you must specifically note the ending dates of terms.

Not Apply Until: n/a

Not Eligible Until: n/a

Prohibition/Ban Until: n/a

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|--|----------|---|--|------|
| Investigation Costs | \$ 96.00 | Due: Now | Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N | Date |
| Fine | \$ 1,000 | Due: Now | Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N | Date |
| Assessment(s) n/a | \$ | Due | Paid <input type="checkbox"/> Y <input type="checkbox"/> N | Date |
| Restitution n/a | \$ | Due | Paid <input type="checkbox"/> Y <input type="checkbox"/> N | Date |
| Judgment n/a | \$ | Due | Paid <input type="checkbox"/> Y <input type="checkbox"/> N | Date |
| Satisfaction of Judgment Filed? | | <input type="checkbox"/> Y <input type="checkbox"/> N | | |
| No. of Victims: | | | | |

Comments: It is noted in the Final Decision and Order that Respondent must file a Petition of Reconsideration within 10 days of service of the Final Order upon Respondents.



State of Washington

DEPARTMENT OF FINANCIAL INSTITUTIONS

BRIEF ADJUDICATIVE PROCEEDING

IN THE MATTER OF INVESTIGATING
Whether there has been a violation of the
Washington Mortgage Broker Practices Act (Ch.
19.146 RCW) by:

NORTHERN STATES MORTGAGE LLC,

Respondent.

No. C-09-242-12-FO1

FINAL DECISION AND ORDER

THIS MATTER comes before Scott Jarvis, Director (“Director”) of the Department of Financial Institutions (“Department”), on Petition for Review of the Initial Decision and Order (“Initial Order”) in the above-referenced Brief Adjudicative Proceeding (“BAP”) for the Division of Consumer Services (“Division”), in relation to a Statement of Charges and Notice of Intention to Enter an Order to Impose Fine and Collect Investigation Fee (“Statement of Charges”) under the Washington Mortgage Broker Practices Act, Chapter 19.146 RCW (“Act”), against NORTHERN STATES MORTGAGE LLC, Respondent (“Respondent”).

1.0 DIRECTOR CONSIDERATIONS

- 1.1 The Initial Order was dated February 10, 2010. The submission of the Petition for Review (“Petition”) contesting the Initial Order was received March 2, 2010. The Petition was received within twenty (20) days of service of the Initial Order and is a timely submission.
- 1.2 The Director has broad authority and discretion to review the individual and extenuating circumstances surrounding violations of the Act¹. The Director has the authority to mitigate the fines imposed by the Initial Order to ensure fair and equitable administration of the Act.

¹ RCW 19.146.223

- 1.3 Pursuant to RCW 19.146.290 and WAC 208-660-400, it is the responsibility of the mortgage broker to submit the Mortgage Broker Annual Report (MBAR) by the required deadline. Trouble with mortgage broker operations or the prospect of dissolving the business does not excuse this responsibility.
- 1.4 The Department's records show the 2007 MBAR, due March 31, 2008, was not filed until October 13, 2008. However, one year of late filing will not compel the Department to bring action for failure to timely file the MBAR. Instead, it has been the policy of the Department to not seek fines for late filing or failure to file an MBAR unless a respondent has done so for two (2) consecutive years.
- 1.5 The Department's records show that the 2008 MBAR, due March 31, 2009, was not filed with the Department until September 21, 2009.
- 1.6 Thus, the Director is not persuaded by Mr. Patterson's argument that the 2008 MBAR was timely submitted before the March 31, 2009 deadline. To the contrary, the Department's Consumer Services Enforcement Unit did not receive a copy of Mr. Patterson's 2008 MBAR until September 21, 2009. While Mr. Patterson maintains he submitted his 2008 MBAR in December 2008, the 2008 MBAR reflects loans made between January 1 and December 31, 2008. Thus, it is not possible to submit the 2008 MBAR before the period it documents has ended. Furthermore, Mr. Patterson submits no evidence to support his contention that he timely filed his 2008 MBAR.
- 1.7 However, it has come to the Director's attention that, in the time between the Initial Order and the Final Decision and Order ("Final Order"), Northern States Mortgage LLC has ceased operation and is no longer registered with the Department as of September 28, 2009. The Director acknowledges the difficult economic and market conditions that forced Northern States Mortgage to cease operations.
- 1.8 Similarly, it has come to the Director's attention that designated broker Gregg Patterson is no longer licensed through the Department as of September 22, 2009.

1.9 Based upon the above considerations, the Director is of the view that One Thousand Dollars (\$1,000) is the appropriate fine for untimely filing of the 2008 MBAR.

2.0 FINDINGS OF FACT

2.1 The matters contained in Section 1.0 are hereby adopted as the Director's Findings of Fact.

2.2 The Director also reaffirms and incorporates the original Findings of Fact from the Initial Order dated February 10, 2010.

3.0 CONCLUSIONS OF LAW

3.1 The Director reaffirms and incorporates the original Conclusions of Law from the Initial Order dated February 10, 2010.

4.0 FINAL DECISION & ORDER

Based upon the foregoing, the Director makes the following Final Decision and Order.

4.1 Respondent, NORTHERN STATES MORTGAGE LLC, shall pay a fine of One Thousand Dollars (\$1,000) to the Washington State Department of Financial Institutions for untimely submission of the 2008 Mortgage Brokers Annual Report; and

4.2 Respondent, NORTHERN STATES MORTGAGE LLC., shall pay an investigative fee of Ninety-Six Dollars (\$96.00).

5.0 RECONSIDERATION. Pursuant to RCW 34.05.470, Respondents have the right to file a Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition must be filed in the Office of the Director of the Department of Financial Institutions by courier at 150 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia, Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondents. The Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for Reconsideration a prerequisite for seeking judicial review in this matter. A timely Petition for Reconsideration is deemed denied if, within twenty (20) days from the date the petition is filed, the agency does not (a)

dispose of the petition or (b) serve the parties with a written notice specifying the date by which it will act on a petition.

- 6.0 STAY OF ORDER. The Director has determined not to consider a Petition to Stay the effectiveness of this order. Any such requests should be made in connection with a Petition for Judicial Review made under chapter 34.05 RCW and RCW 34.05.550.
- 7.0 JUDICIAL REVIEW. Respondents have the right to petition the superior court for judicial review of this agency action under the provisions of chapter 34.05 RCW. [For the information regarding the requirements for filing a Petition for Judicial Review, see the Notice to Parties following the Director's signature below.]
- 8.0 NON-COMPLIANCE WITH ORDER. If you do not comply with the terms of this order, the Department may seek its enforcement by the Office of Attorney General to include the collection of the fines, fees and restitution imposed herein.
- 9.0 SERVICE. For purposes of filing a Petition for Reconsideration or a Petition for Judicial Review, service is effective upon deposit of this order in the U.S. mail, declaration of service attached hereto.

Dated this 26th day of July, 2012, at Tumwater, Washington.

WASHINGTON STATE DEPARTMENT OF
FINANCIAL INSTITUTIONS

By:

SCOTT JARVIS, Director

NOTICE TO THE PARTIES

Judicial Review of this Final Decision and Order is available to a party according to the provisions set out in Part V of the Washington Administrative Procedures Act, RCW 34.05.510 through RCW 34.05.598, inclusive. Judicial Review may be made by filing a Petition for Judicial Review (RCW 34.05.6570) within thirty (30) days of the date of the Final Decision and Order, as permitted under RCW 34.05.542(2). The contents of the Petition for Review shall be according to the requirements of RCW 34.05.546.

This is to certify that the above FINAL DECISION AND ORDER has been served upon the following parties on July 26, 2012, by depositing a copy of same in the United States mail, postage prepaid.

SUSAN PUTZIER

Mailed to the following:

NORTHERN STATES MORTGAGE LLC
Gregg Patterson
3819 W. Woolard Rd.
Colbert, WA 99005

1 STATE OF WASHINGTON
2 DEPARTMENT OF FINANCIAL INSTITUTIONS
3 DIVISION OF CONSUMER SERVICES

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

7 NORTHERN STATES MORTGAGE LLC,
8 Respondent.

NO. C-09-242-09-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER
AN ORDER TO IMPOSE FINE AND COLLECT
INVESTIGATION FEE

9 INTRODUCTION

10 Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of Financial
11 Institutions of the State of Washington (Director) is responsible for the administration of chapter 19.146 RCW, the
12 Mortgage Broker Practices Act (Act). After having conducted an investigation pursuant to RCW 19.146.235, and
13 based upon the facts available as the date of this Statement of Charges, the Director, through his designee, Division
14 of Consumer Services Director Deborah Bortner, institutes this proceeding and finds as follows:

15 I. FACTUAL ALLEGATIONS

16 1.1 Respondent Northern States Mortgage LLC (Respondent) was licensed by the Department of Financial
17 Institutions of the State of Washington (Department) to conduct business as a mortgage broker at all times
18 relevant to the conduct alleged.

19 1.2 Failure to File Mortgage Broker Annual Report. By March 31, 2009, Respondent was required to
20 file an annual report of mortgage broker activity to include the total number of closed loans originated and the
21 total volume of closed loans originated. As of the date of this Statement of Charges Respondent has not filed
22 the 2008 mortgage broker annual report.

23 1.3 On-Going Investigation. The Department's investigation into the alleged violations of the Act by
24 Respondent continues to date.

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

2 **2.1 Requirement to File Mortgage Broker Annual Report.** Based on the Factual Allegations set forth in
3 Section I above, Respondent is in apparent violation of RCW 19.146.290(1) and WAC 208-660-400(1), (2), (3),
4 and (4) for failing to file the mortgage broker annual report.

5 **III. AUTHORITY TO IMPOSE SANCTIONS**

6 **3.1 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2)(e) the Director may impose fines on a
7 licensee or other person subject to the Act for any violations of the Act.

8 **3.2 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-520, and WAC
9 208-660-550(4), upon completion of any investigation of the books and records of a licensee or other person subject
10 to the Act, the Department will furnish to the licensee or other person subject to the Act a billing to cover the cost of
11 the investigation. The investigation charge will be calculated at the rate of \$48 per hour that each staff person
12 devoted to the investigation.

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

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

- 18 **4.1** Respondent Northern States Mortgage LLC pay a fine of \$3,000; and
- 19 **4.2** Respondent Northern States Mortgage LLC pay an investigation fee, which as of the date of these
20 charges is \$96 calculated at \$48 per hour for two staff hours devoted to the investigation; and
- 21 **4.3** Respondent Northern States Mortgage LLC file the 2008 annual report of mortgage broker
activity.

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V. AUTHORITY AND PROCEDURE

This Statement of Charges and Notice of Intention to Enter an Order to Impose Fine 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). Respondent may make a written request for a Brief Adjudicative Proceeding as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR BRIEF ADJUDICATIVE PROCEEDING accompanying this Statement of Charges.

Dated this 9th day of September, 2009.

DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

Presented by:

FATIMA BATIE
Financial Legal Examiner Supervisor

Approved by:

JAMES R. BRUSSELBACK
Enforcement Chief

