

## ORDER SUMMARY – Case Number: C-09-375

**Name(s):** First Mortgage Corporation of Washington  
 \_\_\_\_\_  
 \_\_\_\_\_

**Order Number:** C-09-375-11-FO01  
 \_\_\_\_\_

**Effective Date:** December 21, 2011  
 \_\_\_\_\_

**License Number:** n/a  
**Or NMLS Identifier [U/L]** (Revoked, suspended, stayed, application denied or withdrawn)  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:** None  
 \_\_\_\_\_  
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**Not Apply Until:** n/a  
 \_\_\_\_\_

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

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

<b>Investigation Costs</b>	\$1,242.18	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
<b>Fine</b>	\$125,000	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>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Judgment</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Satisfaction of Judgment Filed?</b>		<input type="checkbox"/> Y <input type="checkbox"/> N		
	No. of Victims:			

**Comments:** \_\_\_\_\_  
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STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS

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

FIRST MORTGAGE CORPORATION OF  
WASHINGTON,

Respondent.

NO. C-09-375-11-FO01

FINAL ORDER

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 June 23, 2010, the Director, through Consumer Services Division Director Deborah Bortner, entered a Statement of Charges and Notice of Intention to Enter an Order to Impose Fine and Collect Investigation Fee (Statement of Charges). A copy of the Statement of Charges is attached and incorporated into this order by this reference. The Statement of Charges was accompanied by a cover letter dated June 25, 2010, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for First Mortgage Corporation of Washington. The Department served the Statement of Charges, cover letter dated June 25, 2010, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for Adjudicative Hearing for First Mortgage Corporation of Washington on Respondent on June 25, 2010, by First-Class mail and Federal Express overnight delivery.

1 On July 13, 2010, Respondent filed an Application for Adjudicative Hearing. On September  
2 28, 2010, the Department made a request to the Office of Administrative Hearings (OAH) to assign an  
3 Administrative Law Judge (ALJ) to schedule and conduct a hearing on the Statement of Charges. On  
4 November 12, 2010, OAH issued a Notice of Pre-Hearing Conference by Telephone scheduling a  
5 prehearing conference on Thursday, December 16, 2010, at 9:00 a.m.

6 On December 16, 2010, all parties attended a telephonic prehearing conference over which  
7 ALJ Steven C. Smith presided. On December 17, 2010, ALJ Smith issued a Notice of Hearing and  
8 Order Following Prehearing Conference scheduling a hearing on April 25, 2011. On March 11, 2011,  
9 ALJ Smith entered a Joint Stipulation and Motion for Order to Continue Trial Date to August 22,  
10 2011. On July 26, 2011, ALJ Smith entered a Notice of Hearing on Department's Motion for  
11 Summary Judgment scheduling a hearing by telephone conference call on Thursday, August 11, 2011,  
12 at 1:00 p.m. On July 27, 2011, ALJ Smith entered an Amended Order and Notice of hearing  
13 Regarding Summary Judgment Motions consolidating the Department's Motion for Summary  
14 Judgment and the Respondent's cross-Motion for Summary Judgment for hearing on August 11, 2011,  
15 at 1:00 p.m.

16 On August 11, 2011, all parties attended the hearing. On September 9, 2011, ALJ Smith  
17 issued an Initial Order Granting Motion for Summary Judgment of Department and Denying Cross-  
18 Motion of First Mortgage and mailed it to Respondent's Counsel of Record.  
19

20 Pursuant to RCW 34.05.464 and WAC 10-08-211, Respondent had 20 days from the date of  
21 service of the Initial Order Granting Motion for Summary Judgment of Department and Denying  
22 Cross-Motion of First Mortgage to file a Petition for Review of the Initial Order. Respondent did not  
23 file a Petition for Review during the statutory period.  
24

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

- 3 1. Statement of Charges, cover letter dated June 25, 2010, and Notice of Opportunity to  
4 Defend and Opportunity for Hearing, with documentation of service;
- 5 2. Applications for Adjudicative Hearing for First Mortgage Corporation of Washington;
- 6 3. Request to OAH for Assignment of Administrative Law Judge;
- 7 4. Notice of Pre-Hearing Conference by Telephone dated November 12, 2010, with  
8 documentation of service;
- 9 5. Notice of Hearing and Order Following Prehearing Conference dated December 17,  
10 2010, with documentation of service;
- 11 6. Joint Stipulation and Motion for Order to Continue Trial Date to August 22, 2011,  
12 dated March 11, 2010, with documentation of service;
- 13 7. Notice of Hearing on Department's Motion for Summary Judgment dated July 26,  
14 2011, with documentation of service;
- 15 8. Amended Order and Notice of hearing Regarding Summary Judgment Motions dated  
16 July 27, 2011, with documentation of service; and
- 17 9. Initial Order Granting Motion for Summary Judgment of Department and Denying  
18 Cross-Motion of First Mortgage dated August 11, 2011, with documentation of  
19 service.

20 C. Factual Findings and Grounds For Order. Pursuant to RCW 34.05.461, the Director  
21 hereby adopts the Initial Order Granting Motion for Summary Judgment of Department and Denying  
22 Cross-Motion of First Mortgage, which is attached hereto.

## 23 II. FINAL ORDER

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

A. IT IS HEREBY ORDERED, that:



1  
2 DATED this 11<sup>th</sup> day of December, 2011.



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STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS

SCOTT JARVIS  
DIRECTOR

A handwritten signature in black ink, appearing to read "Scott Jarvis", is written over a horizontal line. The signature is stylized and extends to the right of the line.

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

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

NO. C-09-375-10-SC01

FIRST MORTGAGE CORPORATION OF  
WASHINGTON,

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

Respondent.

**INTRODUCTION**

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

**I. FACTUAL ALLEGATIONS**

**1.1 Respondent First Mortgage Corporation of Washington (Respondent)** was issued an Exemption Certificate under the Washington Mortgage Broker Practices Act in July 1995. Respondent's Exemption Certificate was eliminated by the Washington Legislature effective in June 2008. Respondent was thereafter licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a consumer lender on December 17, 2009, and continues to be licensed to date. Respondent is licensed to conduct business from one location at 3239 Fallow Field Drive, Diamond Bar, California.

1 **1.2 Unlicensed Activity.** Between at least July 1, 2008, and September 25, 2009, Respondent  
2 conducted business as a consumer lender in at least 69 Washington residential mortgage loan  
3 transactions and received fees of at least \$124,253.

4 **1.3 On-Going Investigation.** The Department's investigation into the alleged violations of the  
5 Act by Respondent continues to date.

## 6 **II. GROUNDS FOR ENTRY OF ORDER**

7 **2.1 Requirement to Obtain License.** Based on the Factual Allegations set forth in Section I  
8 above, Respondent is in apparent violation of RCW 31.04.035 for engaging in the business of making  
9 secured or unsecured loans of money, credit, or things in action without first obtaining a license to do  
10 so.

## 11 **III. AUTHORITY TO IMPOSE SANCTIONS**

12 **3.1 Authority to Impose Fine.** Pursuant to RCW 31.04.093(4), the Director may impose fines of  
13 up to one hundred dollars per day upon the licensee, its employee, or any other person subject to the  
14 Act for any violation of the Act.

15 **3.2 Authority to Charge Investigation Fee.** Pursuant to RCW 31.04.145(3) and WAC 208-620-  
16 590, every licensee examined or investigated by the Director or the Director's designee shall pay for  
17 the cost of the examination or investigation, calculated at the rate of \$69.01 per staff hour devoted to  
18 the examination or investigation, and shall pay travel costs if the licensee maintains its records outside  
19 the state.

## 20 **IV. NOTICE OF INTENTION TO ENTER ORDER**

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

- 3 **4.1** Respondent First Mortgage Corporation of Washington pay a fine which as of the date of  
4 these charges totals \$125,000; and
- 5 **4.2** Respondent First Mortgage Corporation of Washington pay an investigation fee which as of  
6 the date of these charges totals \$1,242.18, calculated at \$69.01 per hour for 18 staff hours  
7 devoted to the investigation to date.

### V. AUTHORITY AND PROCEDURE

8 This Statement of Charges and Notice of Intention to Enter an Order to Impose Fine and  
9 Collect Investigation Fee (Statement of Charges) is entered pursuant to the provisions of RCW  
10 31.04.093, RCW 31.04.165, RCW 31.04.202, and RCW 31.04.205, and is subject to the provisions of  
11 chapter 34.05 RCW (The Administrative Procedure Act). Respondent may make a written request for  
12 a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR  
13 HEARING accompanying this Statement of Charges.

14 Dated this 23<sup>rd</sup> day of June, 2010.



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

20 Presented by:

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22 STEVEN C. SHERMAN  
23 Financial Legal Examiner

24 Approved by:

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JAMES R. BRUSSELBACK  
Enforcement Chief