

## ORDER SUMMARY – Case Number: C-11-0616

**Name(s):** Neighborhood Funding Inc;  
 \_\_\_\_\_  
 \_\_\_\_\_

**Order Number:** C-11-0616-11-FO01  
 \_\_\_\_\_

**Effective Date:** April 11, 2012  
 \_\_\_\_\_

**License Number:** DFI 50383, NMLS 114124  
**Or NMLS Identifier [U/L]** (Revoked, suspended, stayed, application denied or withdrawn)  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  
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**Not Apply Until:** \_\_\_\_\_  
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**Not Eligible Until:** \_\_\_\_\_  
 \_\_\_\_\_

**Prohibition/Ban Until:** April 11, 2017  
 \_\_\_\_\_

<b>Investigation Costs</b>	\$503.77	Due 4/11/12	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
<b>Fine</b>	\$12,000	Due 4/11/12	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:** Respondent must also maintain records in accordance with the CLA.  
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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  
Consumer Loan Act of Washington by:

No.: C-11-0616-11-FO01

NEIGHBORHOOD FUNDING, INC.,

FINAL ORDER

Respondent.

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I. DIRECTOR'S CONSIDERATION

A. Default. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director), through his designee, Consumer Services Division Director Deborah Bortner (Director's designee), pursuant to RCW 34.05.440(1). On June 9, 2011, the Director, through the Director's designee, issued a Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Prohibit From Industry, Impose Fine, File Annual Assessments, Assess Late Penalty, Collect Investigation Costs, and Maintain Records (Statement of Charges) against Neighborhood Funding, Inc. (Respondent). 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 13, 2011, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for Respondent (collectively, accompanying documents).

On June 13, 2011, the Department served Respondent with the Statement of Charges and accompanying documents, sent by First-Class mail and Federal Express overnight delivery. On June 21, 2011, the documents sent via Federal Express overnight delivery were returned to the Department

1 as undeliverable. The documents sent via First-Class mail were not returned to the Department by  
2 the United States Postal Service.

3 Respondent did not request an adjudicative hearing within twenty calendar days after the  
4 Department served the Notice of Opportunity to Defend and Opportunity for Hearing, as provided for  
5 in WAC 208-08-050(2).

6 B. Record Presented. The record presented to the Director's designee for her review and  
7 for entry of a final decision included the following: Statement of Charges, cover letter dated June 13,  
8 2011, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for  
9 Adjudicative Hearing for Respondent, with documentation for service.

10 C. Factual Findings and Grounds for Order. Pursuant to RCW 34.05.440(1), the  
11 Director's designee hereby adopts the Statement of Charges, which is attached hereto.

## 12 II. FINAL ORDER

13 Based upon the foregoing, and the Director's designee having considered the record and being  
14 otherwise fully advised, NOW, THEREFORE:

15 A. IT IS HEREBY ORDERED, That:

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- 17 1. Respondent Neighborhood Funding Inc.'s license to conduct business of a  
Consumer Lender is revoked.
  - 18 2. Respondent Neighborhood Funding Inc. is prohibited from participation in the  
19 conduct of the affairs of any consumer lender subject to licensure by the Director,  
in any manner, for a period of five years.
  - 20 3. Respondent Neighborhood Funding Inc. pay a fine of \$12,000.
  - 21 4. Respondent Neighborhood Funding Inc. provide the Department with a completed  
22 Consolidated Annual Report and a completed Annual Assessment Report,  
including all required supporting documentation, for each of the calendar years
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1 that ended December 31, 2009, and December 31, 2010, respectively, and for the  
2 calendar year in which Respondent Neighborhood Funding Inc. closed.<sup>1</sup>

- 3 5. Respondent Neighborhood Funding Inc. pay an investigation fee of \$503.77,  
4 calculated at \$69.01 per hour for 7.3 staff hours.
- 5 6. Respondent Neighborhood Funding Inc., its officers, employees, and agents  
6 maintain records in compliance with chapter 31.04 RCW, the Consumer Loan Act  
7 (Act) and provide the Director with the location of the books, records and other  
8 information relating to Respondent Neighborhood Funding Inc.'s consumer  
9 lending business, and the name, address and telephone number of the individual  
10 responsible for maintenance of such records in compliance with the Act.

11 B. Reconsideration. Pursuant to RCW 34.05.470, Respondent has the right to file a  
12 Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition  
13 must be filed in the Office of the Director of the Department of Financial Institutions by courier at  
14 150 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,  
15 Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondent. The  
16 Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for  
17 Reconsideration a prerequisite for seeking judicial review in this matter.

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

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

24 <sup>1</sup> On or around March 28, 2012, the Department received \$13,000 from Travelers pursuant to a claim made on  
Respondent's surety bond, \$3,000 of which was for the 2009 and 2010 Annual Assessment, calculated at \$1,500 annually  
pursuant to WAC 208-620-430(3)(c), and \$10,000 of which the penalty for late filing of the 2009 and 2010 annual  
reports, calculated at \$5,000 annually pursuant to WAC 208-620-430(2).

1 D. Judicial Review. Respondent has the right to petition the superior court for judicial  
2 review of this agency action under the provisions of chapter 34.05 RCW. For the requirements for  
3 filing a Petition for Judicial Review, see RCW 34.05.510 and sections following.

4 E. Non-compliance with Order. If you do not comply with the terms of this order, the  
5 Department may seek its enforcement by the Office of the Attorney General to include the collection  
6 of the fines, assessments, late penalties, and fees, imposed herein. The Department also may assign  
7 the amounts owed to a collection agency for collection.

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

11 DATED this 11<sup>th</sup> day of April, 2012



13 STATE OF WASHINGTON  
14 DEPARTMENT OF FINANCIAL INSTITUTIONS

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16 DEBORAH BORTNER  
17 Director  
18 Division of Consumer Services

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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-11-0616-11-SC01

NEIGHBORHOOD FUNDING, INC.,

Respondent.

STATEMENT OF CHARGES and  
NOTICE OF INTENTION TO ENTER AN  
ORDER TO REVOKE LICENSE, PROHIBIT FROM  
INDUSTRY, IMPOSE FINE, FILE ANNUAL  
REPORTS, COLLECT ANNUAL ASSESSMENTS,  
ASSESS LATE PENALTY, COLLECT  
INVESTIGATION COSTS, AND MAINTAIN  
RECORDS

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**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, by and 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 Respondent Neighborhood Funding Inc. (Respondent Neighborhood Funding Inc.)** was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a Consumer Loan Company on or about December 5, 2008, and continues to be licensed to date. Respondent Neighborhood Funding Inc. is licensed to conduct business as a consumer loan company at the following location: 8910 N. Dale Mabry Hwy, Suite 18, Tampa, Florida, 33614.

According to its application submitted to the Department, Respondent Neighborhood Funding Inc.'s

1 President and 100% Owner was Nancy Lynn Carter<sup>1</sup>, and its CEO and Compliance Officer is Joseph E.  
2 Telese.

3 **1.2 Failure to Maintain Bond.** On or about July 14, 2010, the Department received a notice from  
4 Travelers Casualty and Surety Company of America that Respondent Neighborhood Funding Inc.'s surety  
5 bond would be cancelled, effective October 15, 2010. From on or about October 16, 2010, through the  
6 date of this Statement of Charges, Respondent Neighborhood Funding Inc. has not maintained the  
7 required surety bond or permitted substitute.

8 **1.3 Failure to File Reports.** A Consolidated Annual Report and an Annual Assessment Report,  
9 concerning the business and operations of each licensed place of business conducted during the preceding  
10 calendar year, are due to the Department on or before the first day of March or within 30 days of closure.  
11 A licensee is subject to a penalty of \$50 per report for each day's delay in filing the required reports. As  
12 of the date of this Statement of Charges, Respondent Neighborhood Funding Inc. has not filed a  
13 Consolidated Annual Report and an Annual Assessment Report for each of the calendar years 2009 and  
14 2010, due to the Department on or before March 1, 2010, and March 1, 2011, respectively. If Respondent  
15 Neighborhood Funding Inc. has closed, it did not file a Consolidated Annual Report and Annual  
16 Assessment Report within 30 days of closure.

17 **1.4 Failure to Pay Annual Assessments.** Payment of an annual assessment, as calculated on the  
18 Annual Assessment Report, is due to the Department on or before the first day of March or within 30  
19 days of closure. As of the date of this Statement of Charges, Respondent Neighborhood Funding Inc. has  
20 not paid an annual assessment for each of the calendar years 2009 and 2010, due to the Department on or  
21 before March 1, 2010, and March 1, 2011, respectively. If Respondent Neighborhood Funding Inc. has  
22 closed, it did not pay an annual assessment within 30 days of closure.

23 **1.5 Failure to Notify Department of Significant Developments.** As discussed in paragraph 1.2,  
24 Respondent Neighborhood Funding Inc.'s surety bond was cancelled in 2010. As of the date of this

25 <sup>1</sup> Ms. Carter passed away on October 16, 2009.

1 Statement of Charges, Respondent Neighborhood Funding Inc. has not notified the Department of the  
2 cancellation of Respondent's surety bond. Respondent Neighborhood Funding Inc.'s standing with the  
3 Washington State Secretary of State changed to "Inactive" on or about September 30, 2010. As of the  
4 date of this Statement of Charges, Respondent Neighborhood Funding Inc. has not notified the  
5 Department of this change in standing with the state of Washington Secretary of State. If Respondent  
6 Neighborhood Funding Inc. has closed, it has not notified the Department of such closure as of the date of  
7 this Statement of Charges.

8 **1.6 Failure to Comply with Director's Authority.** On or around April 20, 2010, the Department  
9 served a directive on Respondent Neighborhood Funding Inc. at its licensed location address, requesting it  
10 to provide certain documents and information more specifically set forth therein on or before April 29,  
11 2011. On or around October 29, 2010, the Department served another directive on Respondent  
12 Neighborhood Funding Inc. at the last known residential address of its CEO and Compliance Officer, Joe  
13 Telese, requesting that Respondent Neighborhood Funding Inc. provide certain documents and  
14 information more specifically set forth therein on or before November 16, 2010. On or around January  
15 24, 2011, the Department served a third directive on Respondent Neighborhood Funding Inc. at its  
16 licensed location address and at the last known residential address for its CEO and Compliance Officer,  
17 requesting Respondent Neighborhood Funding Inc. to provide certain documents and information more  
18 specifically set forth therein on or before February 3, 2011. The Department has received no response to  
19 any of these Directives as of the date of this Statement of Charges.

20 **1.7 On-Going Investigation.** The Department's investigation into the alleged violations of the Act  
21 by Respondent Neighborhood Funding Inc. continues to date.

## 22 II. GROUNDS FOR ENTRY OF ORDER

23 **2.1 Requirement to Maintain Surety Bond.** Based on the Factual Allegations set forth in Section I  
24 above, Respondent Neighborhood Funding Inc is in apparent violation of RCW 31.04.045(6) for failing to  
25 maintain in effect a surety bond or permitted substitute.



1 **2.2 Requirement to File Annual Reports.** Based on the Factual Allegations set forth in Section I  
2 above, Respondent Neighborhood Funding Inc. is in apparent violation of RCW 31.04.155, WAC 208-  
3 620-430(1), WAC 208-620-460(1), and WAC 208-620-499(2) for failing to file a Consolidated Annual  
4 Report and an Annual Assessment Report with the Director on or before the first day of March of each  
5 year, or within thirty days of closure, giving such relevant information as the Director may reasonably  
6 require concerning the business and operations of each licensed place of business conducted during the  
7 preceding calendar year.

8 **2.3 Requirement to Pay Annual Assessment.** Based on the Factual Allegations set forth in Section  
9 I above, Respondent Neighborhood Funding Inc. is in apparent violation of RCW 31.04.085, WAC 208-  
10 620-430(1), WAC 208-620-460(1), and WAC 208-620-499(2) for failing to pay an annual assessment, as  
11 calculated on the Annual Assessment Report, to the Director on or before the first day of March of each  
12 year, or within thirty days of closure.

13 **2.4 Requirement to Report Significant Developments.** Based on the Factual Allegations set forth  
14 in Section I above, Respondent Neighborhood Funding Inc. is in apparent violation of WAC 208-620-  
15 490(1)(f) for failing to notify the Department in writing at least ten days prior to ceasing operations, and  
16 WAC 208-620-490(2) for failing to notify the Department in writing within ten days of: a change in  
17 Respondent Neighborhood Funding Inc.'s standing with the state of Washington Secretary of State; and  
18 receipt of a notification of cancellation of Respondent Neighborhood Funding Inc.'s surety bond.

19 **2.5 Requirement to comply with Director's Authority.** Based on the Factual Allegations set forth  
20 in Section I above, Respondent Neighborhood Funding Inc. is in apparent violation of RCW 31.04.145  
21 for failing to fully and timely respond to Department directives and subpoenas. Pursuant to RCW  
22 31.04.145, for the purpose of investigating violations arising from the Act, the Director, either personally  
23 or by designee, may subpoena the books, accounts, records, files, and any other documents the Director or  
24 designated person deems relevant to the inquiry. No person subject to investigation under the Act may  
25 knowingly withhold any books, records, or other information.

1 **2.6 Requirement to Maintain Records.** Pursuant to RCW 31.04.155 and WAC 208-620-520, a  
2 licensee shall preserve the books, accounts, records papers, documents, files, and other information  
3 relevant to a loan for at least twenty-five months after making the final entry on any loan. Pursuant to  
4 WAC 208-620-380, an out-of-state licensee must request approval from the Department in writing to  
5 maintain a licensee's records at an out-of-state location and must agree to provide the Department access  
6 to the records.

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

8 **3.1 Authority to Revoke License.** Pursuant to RCW 31.04.093(3) and WAC 208-620-570, the  
9 Director may revoke a license if a licensee: has failed to pay any fee due the state of Washington; has  
10 failed to maintain in effect the bond or permitted substitute; or, either knowingly or without the exercise  
11 of due care, has violated any provision of the Act or any rule adopted under the Act.

12 **3.2 Authority to Prohibit from the Industry.** Pursuant to RCW 31.04.093(6), the Director may  
13 issue orders removing from office or prohibiting from participation in the conduct of the affairs of a  
14 consumer loan company, or both, any officer, principal, employee, or loan originator of any licensed  
15 mortgage broker or consumer loan company, or any person subject to licensing under the Act for any  
16 violation of RCW 31.04.027.

17 **3.3 Authority to Impose Fine.** Pursuant to RCW 31.04.093(4), the Director may impose fines of up  
18 to one hundred dollars per day upon the licensee for any violation of the Act.

19 **3.4 Authority to Issue Order to Take Affirmative Action.** Pursuant to RCW 31.04.093(5), the  
20 Director may issue an order directing the licensee, its employee or loan originator, or other person subject  
21 to the Act, to take such affirmative action as is necessary to comply with the Act.

22 **3.5 Authority to Assess Report Late Penalties.** Pursuant to RCW 31.04.155 and WAC 208-620-  
23 430(2), a licensee that fails to file a report that is required to be filed by the Act, within the time frame  
24 required under the Act, is subject to a penalty of fifty dollars per report for each day of delay. The maximum  
25 late penalty that will be assessed is five thousand dollars per year.

1 **3.6 Authority to Collect Cost of Investigation.** Pursuant to RCW 31.04.145(3) and WAC 208-620-  
2 590, every licensee examined or investigated by the Director or the Director's designee shall pay to the  
3 Director the cost of the investigation, calculated at the rate of \$69.01 per staff hour spent on the investigation.  
4 Pursuant to RCW 43.17.240, interest at the rate of one percent per month, or fraction thereof, shall accrue on  
5 debts owed to the state, starting on the date the debts become past due.

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

7 Respondent's violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC, as set  
8 forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions,  
9 constitute a basis for the entry of an Order under RCW 31.04.093, RCW 31.04.165, and RCW 31.04.205.

10 Therefore, it is the Director's intention to ORDER that:

11 **4.1** Respondent Neighborhood Funding Inc.'s license to conduct business as a consumer loan company  
be revoked.

12 **4.2** Respondent Neighborhood Funding Inc. be prohibited from participation in the conduct of the  
13 affairs of any consumer loan company subject to licensure by the Director, in any manner, for a  
period of five years.

14 **4.3** Respondent Neighborhood Funding Inc. pay a fine, which as of the date of this Statement of  
Charges totals \$12,000.

15 **4.4** Respondent Neighborhood Funding Inc. provide the Department with a completed Consolidated  
16 Annual Report and a completed Annual Assessment Report, including all required supporting  
documentation, for each of the calendar years that ended December 31, 2009, and December 31,  
17 2010, respectively, and for the calendar year in which Respondent Neighborhood Funding Inc.  
closed.

18 **4.5** Respondent Neighborhood Funding Inc. pay an annual assessment for the calendar years that ended  
19 December 31, 2009, and December 31, 2010, respectively, and for the calendar year in which  
Respondent Neighborhood Funding Inc. closed, as calculated in accordance with the instructions for  
the Annual Assessment Report for each of those years.

20 **4.6** Respondent Neighborhood Funding Inc. pay a \$5,000 penalty for failing to file a Consolidated  
21 Annual Report and an Annual Assessment Report for each of the calendar years that ended  
December 31, 2009, and December 31, 2010, respectively, by March 1, 2010, and March 1, 2011,  
respectively.

22 **4.7** Respondent Neighborhood Funding Inc. pay the cost of the Department's investigation. As of the  
23 date of this Statement of Charges, the cost of the investigation totals \$503.77, calculated at \$69.01  
per hour for 7.3 staff hours.

1 4.8 Respondent Neighborhood Funding Inc. maintain records in compliance with the Act and provide  
2 the Director with the location of the books, records and other information relating to Respondent  
3 Neighborhood Funding Inc.'s consumer loan company business, and the name, address and  
4 telephone number of the individual responsible for maintenance of such records in compliance with  
5 the Act.

6 **V. AUTHORITY AND PROCEDURE**

7 This Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Prohibit  
8 From Industry, Impose Fine, File Annual Reports, Collect Annual Assessments, Assess Late Penalty,  
9 Collect Investigation Costs, and Maintain Records 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 a  
12 hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR  
13 HEARING accompanying this Statement of Charges.

14 Dated this 9<sup>th</sup> day of June, 2011.



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

19 Presented by:

20 SHANA L. OLIVER  
21 Financial Legal Examiner

22 Approved by:

23 JAMES R. BRUSSELBACK  
24 Enforcement Chief

25 STATEMENT OF CHARGES  
C-11-0616-11-SC01  
Neighborhood Funding Inc