

ORDER SUMMARY – Case Number: C-11-0706

Name(s): US Loan Modification Services
Jeff Strum

Order Number: C-11-0706-12-FO01

Effective Date: November 20, 2012

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Or NMLS Identifier [U/L] (Revoked, suspended, stayed, application denied or withdrawn)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

Not Apply Until: November 20, 2017

Not Eligible Until: November 20, 2017

Prohibition/Ban Until: November 20, 2017

| | | | | |
|--|----------|---|--|------|
| Investigation Costs | \$336 | Due | Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N | Date |
| Fine | \$18,000 | Due | Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N | Date |
| Assessment(s) | \$ | Due | Paid <input type="checkbox"/> Y <input type="checkbox"/> N | Date |
| Restitution | \$17,373 | Due | Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N | Date |
| Judgment | \$ | 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:

1
2
3
4
5
6
7
8

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

9
10
11
12
13
14
15
16
17
18

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

No.: C-11-0706-12-FO01

US LOAN MODIFICATION SERVICES, and
JEFF STRUM,

FINAL ORDER

Respondents.

19
20
21
22
23
24

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 September 27, 2012, the Director, through the Director's designee, issued a Statement of Charges and Notice of Intention to Enter an Order to Produce Records, Cease and Desist Business, Prohibit from Industry, Order Restitution, Impose Fine, and Collect Investigation Fee (Statement of Charges) against US Loan Modification Services and Jeff Strum (Respondents). 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 September 27, 2012, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for Respondents.

On September 27, 2012, the Department served Respondents with the Statement of Charges and accompanying documents by First-Class mail and Federal Express overnight delivery. On October 9, 2012, the Department received notice from Federal Express that the documents were undeliverable. The documents sent by First-Class mail were not returned to the Department by the United States Postal Service.

1 On October 17, 2012, the Department served Respondents with the Statement of Charges and
2 accompanying documents by First-Class mail and Federal Express overnight delivery at an additional
3 address. On October 18, 2012, the documents sent via Federal Express were delivered and signed for
4 by M. Strum. The documents sent by First-Class mail were not returned to the Department by the
5 United States Postal Service.

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

9 B. Record Presented. The record presented to the Director's designee for her review and
10 for entry of a final decision included the following:

- 11 1. Statement of Charges;
- 12 2. Cover letter dated September 27, 2012;
- 13 3. Notice of Opportunity to Defend and Opportunity for Hearing; and
- 14 4. Blank Application for Adjudicative Hearing for Respondent, with documentation
15 for service.

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

18 II. FINAL ORDER

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

21 A. IT IS HEREBY ORDERED, That:

- 22 1. Respondents US Loan Modification and Jeff Strum cease and desist engaging in
the business of a mortgage broker or loan originator.
- 23 2. Respondents US Loan Modification and Jeff Strum provide the Department with
24 a list detailing all residential mortgage loan modification services transactions

1 with Washington consumers, including the name, address, and phone numbers of
2 the consumers, the transaction date, and fees collected by Respondents for the
provision of those services.

- 3 3. Respondents US Loan Modification and Jeff Strum are prohibited from
4 participation in the conduct of the affairs of any mortgage broker subject to
licensure by the Director, in any manner, for a period of five years.
- 5 4. Respondents US Loan Modification and Jeff Strum jointly and severally pay
6 restitution to the six consumers identified by the Department in paragraph 1.3 and
Appendix A of the Statement of Charges as having paid \$17,373 to Respondents.
- 7 5. Respondents US Loan Modification and Jeff Strum jointly and severally pay a
8 fine of \$18,000.
- 9 6. Respondents US Loan Modification and Jeff Strum jointly and severally pay an
investigation fee of \$336.
- 10 7. Respondents US Loan Modification and Jeff Strum maintain records in
11 compliance with the Act and provide the Department with the location of the
books, records and other information relating to Respondents' provision of
12 residential mortgage loan modification services in Washington, and the name,
address and telephone number of the individual responsible for maintenance of
such records in compliance with the Act.

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

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

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

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

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

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

14 DATED this 20th day of November, 2012



17 STATE OF WASHINGTON
18 DEPARTMENT OF FINANCIAL INSTITUTIONS

19 [Redacted Signature]
20 DEBORAH BORTNER
21 Director
22 Division of Consumer Services

**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:

US LOAN MODIFICATION SERVICES, and
JEFF STRUM, Manager,

Respondents.

No. C-11-0706-12-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENT TO ENTER AN
ORDER TO PRODUCE RECORDS,
CEASE AND DESIST BUSINESS,
PROHIBIT FROM INDUSTRY, ORDER
RESTITUTION, IMPOSE FINE, AND
COLLECT INVESTIGATION FEE

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). 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:

I. FACTUAL ALLEGATIONS

1.1 Respondent US Loan Modification Services (Respondent US Loan Modification) has never been licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker or loan originator.

1.2 Respondent Jeff Strum (Respondent Strum) is Manager of Respondent US Loan Modification. During the relevant time period, Respondent Strum was not licensed by the Department to conduct business as a mortgage broker or loan originator.

1.3 Unlicensed Activity. On or about July 9, 2009, through August 9, 2010, Respondents US Loan Modification and Strum (Respondents) were offering residential mortgage loan modification services to Washington consumers on property located in Washington State. Respondents entered into

1 a contractual relationship with at least one Washington consumer to provide those services and
2 collected an advance fee for the provision of those services. The Department has received at least one
3 complaint from a Washington consumer alleging Respondents provided or offered to provide
4 residential mortgage loan modification services while not licensed by the Department to provide those
5 services. A list of Washington consumers with whom Respondents conducted business as a mortgage
6 broker or loan originator, and the amount paid by each is appended hereto and incorporated herein by
7 reference.

8 **1.4 Misrepresentations and Omissions.** Respondents represented that they were licensed to
9 provide the residential mortgage loan modification services or omitted disclosing that they were not
10 licensed to provide those services.

11 **1.5 On-Going Investigation.** The Department's investigation into the alleged violations of the
12 Act by Respondents continues to date.

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

14 **2.1 Mortgage Broker Defined.** Pursuant to RCW 19.146.010(14) and WAC 208-660-006,
15 "Mortgage Broker" means any person who, for compensation or gain, or in the expectation of
16 compensation or gain (a) assists a person in obtaining or applying to obtain a residential mortgage loan
17 or (b) holds himself or herself out as being able to make a residential mortgage loan or assist a person
18 in obtaining or applying to obtain a residential mortgage loan. Pursuant to WAC 208-660-006, a
19 person "assists a person in obtaining or applying to obtain a residential mortgage loan" by, among
20 other things, counseling on loan terms (rates, fees, other costs), [and] preparing loan packages...."

21 **2.2 Loan Originator Defined.** Pursuant to RCW 19.146.010(11), "loan originator" means a
22 natural person who for direct or indirect compensation or gain, or in the expectation of direct or indirect
23 compensation or gain: takes a residential mortgage loan application for a mortgage broker; offers or
24

1 negotiates terms of a mortgage loan; or holds themselves out to the public as able to perform any of
2 these activities.

3 **2.3 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents
4 are in apparent violation of RCW 19.146.0201(2) & (3) for engaging in an unfair or deceptive practice
5 toward any person and obtaining property by fraud or misrepresentation.

6 **2.4 Requirement to Obtain and Maintain Mortgage Broker License.** Based on the Factual
7 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200(1)
8 for engaging in the business of a mortgage broker for Washington residents or property without first
9 obtaining a license to do so.

10 **2.5 Requirement to Obtain and Maintain Loan Originator License.** Based on the Factual
11 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200(1)
12 for engaging in the business of a loan originator without first obtaining and maintaining a license.

13 **2.6 Requirement to Maintain Accurate and Current Books and Records.** Pursuant to RCW
14 19.146.060 and WAC 208-660-450, Respondents are required to keep all books and records in a
15 location that is on file with and readily available to the Department until at least twenty-five months
16 have elapsed following the effective period to which the books and records relate.

17 **III. AUTHORITY TO ORDER PRODUCTION OF RECORDS**

18 **3.1 Authority to Order Production of Records.** Pursuant to RCW 19.146.223, RCW 19.146.
19 235(2), and WAC 208-660-520, the Director may issue orders directing any person to produce books,
20 accounts, records, files, and any other documents the director or designated person deems relevant to
21 an investigation.

22 //

23 //

24 //

1 **IV. AUTHORITY TO IMPOSE SANCTIONS**

2 **4.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 19.146.220(4), the
3 Director may issue orders directing any person subject to the Act to cease and desist from conducting
4 business.

5 **4.2 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(5), the Director may
6 issue orders prohibiting from participation in the conduct of the affairs of a licensed mortgage broker
7 any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through (9) or
8 (13), or RCW 19.146.200.

9 **4.3 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2), the Director may order
10 restitution against any person subject to the Act for any violation of the Act.

11 **4.4 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2), the Director may impose fines
12 against any person subject to the Act for any violation of the Act.

13 **4.5 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), and WAC 208-
14 660-550(4)(a), the Department will charge forty-eight dollars per hour for an examiner’s time devoted
15 to an investigation of any person subject to the Act.

16 **V. NOTICE OF INTENT TO ENTER ORDER**

17 Respondents’ violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as
18 set forth above constitute a basis for the entry of an Order under RCW 19.146.220, RCW 19.146.221,
19 and RCW 19.146.223. Therefore, it is the Director’s intent to ORDER that:

20 **5.1** Respondents cease and desist engaging in the business of a mortgage broker or loan originator.

21 **5.2** Respondents provide the Department with a list detailing all residential mortgage loan
22 modification services transactions with Washington consumers, including the name, address,
23 and phone numbers of the consumers, the transaction date, and fees collected by Respondents
24 for the provision of those services.

5.3 Respondents be prohibited from participation in the conduct of the affairs of any mortgage
broker subject to licensure by the Director, in any manner, for a period of five years.

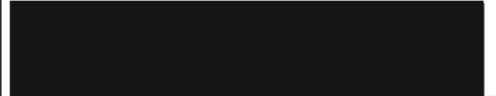
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

Presented by:



DEBORAH TALLIOUS
Financial Legal Examiner

Approved by:



CHARLES E. CLARK
Enforcement Chief

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

RESTITUTION

Borrower

Amount



\$2,995

\$3,000

\$2,388

\$3,000

\$2,995

\$2,995

TOTAL \$17,373