

Terms Completed

**ORDER SUMMARY – Case Number: C-11-0872**

**Name(s):** Real Advantage LLC

**Order Number:** C-11-0872-12-CO01

**Effective Date:** July 10, 2012

**License Number:** Unlicensed  
**Or NMLS Identifier [U/L]**

**License Effect:** N/A

**Not Apply Until:** July 10, 2017

**Not Eligible Until:** July 10, 2017

**Prohibition/Ban Until:** July 10, 2017

<b>Investigation Costs</b>	\$687.50	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 7/6/12
<b>Fine</b>	\$30,000	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 7/6/12
<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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RECEIVED

JUL 06 2012

STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF CONSUMER SERVICES

CONSUMER SERVICES DIVISION  
DEPT OF FINANCIAL INSTITUTIONS  
OLYMPIA, WASHINGTON

IN THE MATTER OF DETERMINING:  
Whether there has been a violation of the  
Escrow Agent Registration Act of Washington by:  
REAL ADVANTAGE, LLC,  
Respondent.

No. C-11-0872-12-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 Real Advantage, LLC (Respondent), 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 18.44 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 Respondent have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-11-0872-12-SC01 (Statement of Charges), entered January 25, 2012, (copy attached hereto). Pursuant to chapter 18.44 RCW, the Escrow Agent Registration Act (Act) and RCW 34.05.060 of the Administrative Procedure Act, Respondent hereby agrees to the Department's entry of this Consent Order and further agrees that the issues raised in the above-captioned matter may be economically and efficiently settled by entry of this Consent Order. The parties intend this Consent Order to fully resolve the Statement of Charges.

Based upon the foregoing:

1           A. **Jurisdiction.** It is AGREED that the Department has jurisdiction over the subject matter  
2 of the activities discussed herein.

3           B. **Waiver of Hearing.** It is AGREED that Respondent has been informed of the right to a  
4 hearing before an administrative law judge, and hereby waives its right to a hearing and any and all  
5 administrative and judicial review of the issues raised in this matter, or of the resolution reached  
6 herein. Accordingly, Respondent, by the signature of its representative below, withdraws its appeal  
7 to the Office of Administrative Hearings.

8           C. **No Admission of Liability.** It is AGREED that Respondent does not admit to any  
9 violations of the Act by entry of this Consent Order.

10           D. **Escrow Agent License Required.** It is AGREED that Respondent understands it must  
11 obtain an Escrow Agent license from the Department or meet an exclusion from licensing, as  
12 delineated in the Act<sup>1</sup>, in order to engage in business as an escrow agent by performing escrows or  
13 any of the functions of an escrow agent described in the Act within the state of Washington or with  
14 respect to transactions that involve personal property or real property located in the state of  
15 Washington. It is further AGREED that, until such time as Respondent obtains an Escrow Agent  
16 license from the Department or meets an exclusion from licensing, as delineated in the Act,  
17 Respondent shall not perform escrows or any of the functions of an escrow agent described in the Act  
18 within the state of Washington or with respect to transactions that involve personal property or real  
19 property located in the state of Washington.

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21 \_\_\_\_\_  
22 <sup>1</sup> Pursuant to RCW 18.44.021(6), the licensing requirements of the Act do not apply to title insurance companies having a  
23 valid certificate of authority issued by the insurance commissioner of this state and title insurance agents having a valid  
24 license as a title insurance agent issued by the insurance commissioner of this state. As such, nothing in this Consent  
Order shall preclude or otherwise limit Respondent's ability to conduct business under this exclusion from licensing to  
the extent Respondent qualifies for this exclusion from licensing. Further, nothing in this Consent Order shall limit or  
bind the authority of the insurance commissioner of this state or any other agency with authority to regulate Respondent's  
conduct.

1           **E. Application for License.** It is AGREED that, for a period of five years from the date of  
2 entry of this Consent Order, Respondent shall not apply to the Department for any license under any  
3 name. It is further AGREED that, should Respondent apply to the Department for any license under  
4 any name at any time later than five years from the date of entry of this Consent Order, Respondent  
5 shall be required to meet any and all application requirements in effect at that time.

6           **F. Fine.** It is AGREED that Respondent shall pay a fine to the Department in the amount of  
7 \$30,000, in the form of a cashier's check made payable to the "Washington State Treasurer," upon  
8 entry of this Consent Order.

9           **G. Investigation Fee.** It is AGREED that Respondent shall pay to the Department an  
10 investigation fee of \$687.50, in the form of a cashier's check made payable to the "Washington State  
11 Treasurer," upon entry of this Consent Order. The Fine and Investigation Fee may be paid together  
12 in one \$30,687.50 cashier's check made payable to the "Washington State Treasurer."

13           **H. Records Retention.** It is AGREED that Respondent, its officers, employees, and agents  
14 shall maintain records involving Washington State escrow transactions for a minimum of six years  
15 from completion of the escrow transactions. It is further AGREED that Respondent shall provide the  
16 Director with, and keep the Department informed of, the location of such records and the name,  
17 address, and telephone number of the individual responsible for maintenance of such records.

18           **I. Authority to Execute Order.** It is AGREED that the undersigned has represented and  
19 warranted that he has the full power and right to execute this Consent Order on behalf of Respondent.

20           **J. Non-Compliance with Order.** It is AGREED that Respondent understands that failure to  
21 abide by the terms and conditions of this Consent Order may result in further legal action by the  
22 Director. In the event of such legal action, Respondent may be responsible to reimburse the Director  
23 for the cost incurred in pursuing such action, including but not limited to, attorney fees.

1 K. **Voluntarily Entered.** It is AGREED that Respondent has voluntarily entered into this  
2 Consent Order, which is effective when signed by the Director's designee.

3 L. **Completely Read, Understood, and Agreed.** It is AGREED that Respondent has read  
4 this Consent Order in its entirety and fully understands and agrees to all of the same.

5  
6 **RESPONDENT:**

7 **Real Advantage, LLC**

8 By:

9 [Redacted Signature]

10 William D. Burding, Jr.  
Executive Vice President and General Counsel

7/15/12  
Date

11 DO NOT WRITE BELOW THIS LINE

12 THIS ORDER ENTERED THIS 10<sup>th</sup> DAY OF July, 2012



13 [Redacted Signature]

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

17 Presented by:

18 [Redacted Signature]

19 Mark F. Olson  
20 Financial Legal Examiner

21 Approved by:

22 [Redacted Signature]

23 Charles Clark  
Enforcement Chief

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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  
Escrow Agent Registration Act of Washington by:  
  
REAL ADVANTAGE, LLC,  
  
Respondent.

No.: C-11-0872-12-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENTION TO ENTER AN  
ORDER TO CEASE AND DESIST, ASSESS  
FINE, COLLECT INVESTIGATION FEE,  
AND MAINTAIN RECORDS

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**INTRODUCTION**

Pursuant to RCW 18.44.410, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 18.44 RCW, the Escrow Agent Registration Act (Act). After having conducted an investigation pursuant to RCW 18.44.420 and WAC 208-680-620, 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 Respondent Real Advantage, LLC (Respondent)** is a Pennsylvania corporation headquartered at 1000 Commerce Drive, Pittsburgh, Pennsylvania. Respondent is a subsidiary of Orange Coast Title Company (Orange Coast), a California corporation headquartered at 640 North Tustin Avenue, Santa Ana, California (California location). Respondent has never been licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as an escrow agent in the state of Washington.

**1.2 Orange Coast's Escrow Agent License Application.** In or around April 2009, Orange Coast applied to the Department to conduct business as an escrow agent in the state of Washington from its California location. During April 2009, Department licensing staff notified Orange Coast of

1 various deficiencies in the application, including the word "Title" in Orange Coast's name and the  
2 requirement for Orange Coast to establish a trust account in a recognized Washington state  
3 depository rather than a California branch. On or about April 21, 2009, Orange Coast stated in an  
4 email to Department licensing staff that Orange Coast might form a separate entity and restart the  
5 licensing process. In or around September 2009, after no further contact from Orange Coast, the  
6 Department notified Orange Coast that the license application was deemed abandoned.

7 **1.3 Unlicensed Activity by Orange Coast.** Orange Coast conducted business as an escrow agent  
8 in the state of Washington prior to applying for an escrow agent license from the Department, and  
9 continued during the period Orange Coast's escrow agent license application was pending with the  
10 Department, and continued after Orange Coast's escrow agent license application was deemed  
11 abandoned by the Department until contacted by the Department approximately eight months later.

12 In or around May 2010, the Department contacted Orange Coast about apparent unlicensed  
13 activity. In or around May 2010, Orange Coast provided the Department with a list of 123 mortgage  
14 loan transactions closed from January 2009 through April 2010 and involving real property located in  
15 the state of Washington. According to this list, Orange Coast received at least \$58,000 in "fees" for  
16 providing escrow functions in these transactions.<sup>1</sup>

17 In or around May 2010, Orange Coast also provided the Department with a statement,  
18 certified under penalty of perjury, including:

19 "ORANGE COAST was unaware that its actions in handling these escrows were  
20 in violation of the Insurance laws of Washington, since ORANGE COAST does  
21 not maintain a physical office or location in the state, and has no employees in  
22 the state, and performs no escrow functions in the state. All escrow transactions  
23 were physically handled through ORANGE COAST's escrow operations located  
24 in the State of California, by personnel in that state."

<sup>1</sup> The Department has also issued Statement of Charges C-10-257-11-SC01 against Orange Coast.

1 This statement was provided over a year after Orange Coast had applied to the Department for a  
2 license to conduct business as an escrow agent from its California location.

3 In or around May 2010, Orange Coast also provided the Department with a Declaration and  
4 Agreement to Cease and Desist, certified under penalty of perjury, including:

5 “2. I understand and agree that in order to provide escrow services in the State of  
6 Washington, unless excluded pursuant to RCW 18.44.021, I must obtain a  
license to do so from the Department of Financial Institutions.”

7 “3. I also understand and agree that if I provide escrow services in the State of  
8 Washington in the future, unless excluded pursuant to RCW 18.44.021, I will  
apply for a license as required under Chapter 18.44 RCW by filing a completed  
9 application and necessary fees with the Department of Financial Institutions.”

10 “4. I further agree to immediately and permanently cease providing escrow  
11 services in the State of Washington until such time as I meet an exclusion  
delineated in RCW 18.44.021 or obtain the appropriate license from the  
Department of Financial Institutions.”

12 In or around May 2010, Orange Coast also provided the Department with a letter stating  
13 Orange Coast would be submitting an application for an escrow agent license on behalf of  
14 Respondent, Orange Coast’s Pennsylvania subsidiary, and further stating that Respondent would be  
15 the entity conducting escrows involving Washington properties but Respondent would not conduct  
16 escrow activity until the Department had issued an escrow agent license. As of the date of this  
17 Statement of Charges, the Department has not received such application for Respondent.

18 **1.4 Unlicensed Activity by Respondent.** Respondent conducted business as an escrow agent in  
19 the state of Washington prior to the date Orange Coast assured the Department that no such business  
20 would be conducted until Respondent had obtained an escrow agent license, and continued until  
21 contacted by the Department over a year and a half later, despite Orange Coast’s assurance to the  
22 contrary.



1 In or around December 2011, the Department contacted Respondent about apparent  
2 unlicensed activity. In or around December 2011, Orange Coast, on behalf of Respondent, its  
3 subsidiary, provided the Department with a list of 102 mortgage loan transactions closed from  
4 January 2010 through November 2011 and involving real property located in the state of Washington.  
5 According to this list, Respondent received at least \$78,000 in "fees" for providing escrow functions  
6 in these transactions.

7 In or around December 2011, Orange Coast also provided the Department with a statement,  
8 certified under penalty of perjury by Respondent, including:

9 "The management of REAL ADVANTAGE has made inquiry into the reasons  
10 why these escrow transactions were handled for properties located in the State of  
11 Washington, and have determined that these escrows were opened by production  
12 level employees who were unaware that handling these escrows violated the  
13 Insurance laws of Washington, since REAL ADVANTAGE maintains no  
14 physical office or location in the state, has no employees in the state, and  
15 performs no escrow functions in the state. All escrow transactions were  
16 physically handled through REAL ADVANTAGE's escrow operations located  
17 in the Commonwealth of Pennsylvania, by personnel in that state."

18 This statement was provided over two and a half years after Orange Coast had applied to the  
19 Department for a license to conduct business as an escrow agent from its California location and  
20 nearly a year and a half after Orange Coast had provided the Department written assurance that  
21 Respondent would not conduct such business prior to receiving a license.

22 In or around December 2011, Orange Coast also provided the Department with a Declaration  
23 and Agreement to Cease and Desist, certified under penalty of perjury by Respondent, including:

24 "2. I understand and agree that in order to provide escrow services in the state of  
Washington, unless excluded pursuant to RCW 18.44.021, I must obtain a  
license to do so from the Department of Financial Institutions."

"3. I also understand and agree that if I provide escrow services in the state of  
Washington in the future, unless excluded pursuant to RCW 18.44.021, I will  
apply for a license as required under Chapter 18.44 RCW by filing a completed  
application and necessary fees with the Department of Financial Institutions."

1 "4. I further agree to immediately and permanently cease providing escrow  
2 services in the state of Washington until such time as I meet an exclusion  
3 delineated in RCW 18.44.021 or obtain the appropriate license from the  
Department of Financial Institutions."

4 In or around December 2011, Orange Coast also provided the Department with a letter stating  
5 Respondent was preparing an application for licensure as an escrow agent and would be submitting  
6 the application shortly. As noted above, as of the date of this Statement of Charges, the Department  
7 has not received such application for Respondent.

8 **1.5 On-Going Investigation.** The Department's investigation into the alleged violations of the  
9 Act by Respondent continues to date.

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

11 **2.1 Definition of Escrow.** Pursuant to RCW 18.44.011(7), "Escrow" means any transaction  
12 wherein any person or persons, for the purpose of effecting and closing the sale, purchase, exchange,  
13 transfer, encumbrance, or lease of real or personal property to another person or persons, delivers any  
14 written instrument, money, evidence of title to real or personal property, or other thing of value to a  
15 third person to be held by such third person until the happening of a specified event or the  
16 performance of a prescribed condition or conditions, when it is then to be delivered by such third  
17 person, in compliance with instructions under which he or she is to act, to a grantee, grantor,  
18 promisee, promisor, obligee, obligor, lessee, lessor, bailee, bailor, or any agent or employee thereof.

19 **2.2 Definition of Escrow Agent.** Pursuant to RCW 18.44.011(8) "Escrow Agent" means any  
20 person engaged in the business of performing for compensation the duties of the third person referred  
21 to in RCW 18.44.011(7).

22 **2.3 Requirement to Obtain and Maintain License.** Based on Factual Allegations set forth in  
23 Section I above, Respondent is in apparent violation of RCW 18.44.021 for engaging in business as

1 an escrow agent by performing escrows or any of the functions of an escrow agent within the state of  
2 Washington or with respect to transactions that involve personal property or real property located in  
3 the state of Washington without first obtaining a license.

4 **2.4 Requirement to Maintain Records in the State of Washington.** Based on the Factual  
5 Allegations set forth in Section I above, Respondent is in apparent violation of RCW 18.44.400 and  
6 WAC 208-680-530 for failing to maintain transaction records in the state of Washington for a period  
7 of six years from completion of the transaction.

8 **2.5 Requirement to Maintain Escrow Fund Accounts in the State of Washington.** Based on  
9 the Factual Allegations set forth in Section I above, Respondent is in apparent violation of RCW  
10 18.44.400 and WAC 208-680-410 for failing to maintain funds received from the principal parties to  
11 an escrow transaction in trust account(s) in a recognized Washington state depository.

### 12 III. AUTHORITY TO IMPOSE SANCTIONS

13 **3.1 Authority to Issue an Order to Cease and Desist and Take Affirmative Action.** Pursuant  
14 to RCW 18.44.440 and WAC 208-680-630, if the Director determines after notice and hearing that a  
15 person has: violated any provision of the Act; or engaged in any false, unfair and deceptive, or  
16 misleading advertising or promotional activity or business practices; the director may issue an order  
17 requiring the person to cease and desist from the unlawful practice and to take such affirmative action  
18 as in the judgment of the director will carry out the purposes of the Act.

19 **3.2 Authority to Assess Fine.** Pursuant to RCW 18.44.430(3) and WAC 208-680-640, the  
20 Director may assess a fine of up to \$100 per day for each violation of the Act.

21 **3.3 Authority to Collect Investigation Fee.** Pursuant to RCW 18.44.410 and WAC 208-680-  
22 650, the expense of an investigation pursuant to WAC 208-680-620 shall be borne by the entity  
23 which is the subject of the investigation.

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

2 Respondent's violations of the provisions of chapter 18.44 RCW and chapter 208-680 WAC,  
3 as 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 18.44.400, RCW 18.44.410, RCW  
5 18.44.430, RCW 18.44.440 and WAC 208-680-630. Therefore, it is the Director's intention to  
6 ORDER that:

- 7 **4.1** Respondent Real Advantage, LLC cease and desist from providing escrow services in  
8 the state of Washington until such time as Respondent Real Advantage, LLC obtains a  
9 license from the Department to provide escrow services in the state of Washington or  
10 meets an exclusion from licensing as delineated in the Act.
- 11 **4.2** Respondent Real Advantage, LLC pay a fine. As of the date of this Statement of  
12 Charges, the fine totals \$100,000.
- 13 **4.3** Respondent Real Advantage, LLC pay an investigation fee. As of the date of this  
14 Statement of Charges, the investigation fee totals \$687.50.
- 15 **4.4** Respondent Real Advantage, LLC, its officers, employees, and agents maintain all  
16 records involving Washington State escrow transactions within the state of  
17 Washington for a period of six years from completion of the escrow transactions.

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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges is entered pursuant to the provisions of RCW 18.44.410, RCW  
3 18.44.430, and RCW 18.44.440, and is subject to the provisions of chapter 34.05 RCW (The  
4 Administrative Procedure Act). Respondent may make a written request for a hearing as set forth in  
5 the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING  
6 accompanying this Statement of Charges.

7  
8 Dated this 25<sup>th</sup> day of January, 2012



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

19 Presented by:



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21  
22 MARK T. OLSON  
23 Financial Legal Examiner

24 Approved by:



JAMES R. BRUSSELBACK  
Enforcement Chief