

ORDER SUMMARY – Case Number: C-13-1160

Name(s): My State Processing; David Young ;

Order Number: C-13-1160-13-FO01

Effective Date: May 9, 2013

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Or NMLS Identifier [U/L] (Revoked, suspended, stayed, application denied or withdrawn)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

Not Eligible Until: _____

Prohibition/Ban Until: May 9, 2018

Investigation Costs	\$720	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Fine	\$3,000	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	\$1,500	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:		1		

Comments: Respondents to provide the Department with a list detailing all residential mortgage loan modification service transactions with Washington consumers.

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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
Mortgage Broker Practices Act of Washington by:

MY STATE PROCESSING, and
DAVID YOUNG, Principal,

Respondents.

No.: C-13-1160-13-FO01

FINAL ORDER

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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 March 14, 2013, the Director, through the Director's designee, issued Statement of Charges No. C-13-1160-13-SC01 (Statement of Charges) against My State Processing and David Young (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 March 28, 2013, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for each Respondent (collectively, accompanying documents).

On March 28, 2013, the Department sent the Statement of Charges and accompanying documents to Respondents by Federal Express overnight delivery and First-Class mail by the United States Postal Service. On March 29, 2013, the documents sent by Federal Express overnight delivery were delivered. The documents sent by First-Class mail were not returned to the Department by the United States Postal Service. Respondents did not request an adjudicative hearing within twenty

1 calendar days after the Department served the Notice of Opportunity to Defend and Opportunity for
2 Hearing, as provided for in WAC 208-08-050(2).

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

5 Statement of Charges, cover letter dated March 28, 2013, Notice of Opportunity to
6 Defend and Opportunity for Hearing, and blank Application for Adjudicative
7 Hearing for Respondent, with documentation of service.

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

10 II. FINAL ORDER

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

13 A. IT IS HEREBY ORDERED, That:

- 14 1. Respondents cease and desist engaging in the business of a mortgage broker or
15 loan originator.
- 16 2. Respondents provide the Department with a list detailing all residential mortgage
17 loan modification service transactions with Washington consumers, including the
18 name, address, and phone numbers of the consumers, the transaction date, and fees
19 collected by Respondents for the provision of those services.
- 20 3. Respondents are prohibited from participation in the conduct of the affairs of any
21 mortgage broker subject to licensure by the Director, in any manner, for a period
22 of five years.
- 23 4. Respondents jointly and severally pay restitution totaling \$1,500 to the consumer
24 identified by the Department in paragraph 1.2 of the Statement of Charges.
5. Respondents jointly and severally pay a fine of \$3,000.
6. Respondents jointly and severally pay an investigation fee of \$720.
7. Respondents maintain records in compliance with the Act and provide the
Department with the location of the books, records and other information relating
to Respondents' provision of residential mortgage loan modification services in

1 Washington, and the name, address and telephone number of the individual
2 responsible for maintenance of such records in compliance with the Act.

3 B. Reconsideration. Pursuant to RCW 34.05.470, Respondents have the right to file a
4 Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition
5 must be filed in the Office of the Director of the Department of Financial Institutions by courier at
6 150 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,
7 Washington 98504-1200, within ten (10) days of service of this order upon Respondents. The
8 Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for
9 Reconsideration a prerequisite for seeking judicial review in this matter.

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

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

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

19 E. Non-compliance with Order. If Respondents do not comply with the terms of this
20 order, the Department may seek its enforcement by the Office of the Attorney General to include the
21 collection of the restitution, fine, and fee imposed herein. The Department may also assign the
22 amounts owed to a collection agency for collection.

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

4 DATED this 9th day of May, 2013.

6 STATE OF WASHINGTON
7 DEPARTMENT OF FINANCIAL INSTITUTIONS

8 /S/ _____
9 DEBORAH BORTNER
10 Director
11 Division of Consumer Services

1 consumers on property located in Washington State. Respondents entered into a contractual
2 relationship with at least one Washington consumer to provide those services and collected an advance
3 fee for the provision of those services. The Department has received at least one complaint from a
4 Washington consumer alleging Respondents provided or offered to provide residential mortgage loan
5 modification services while not licensed by the Department to provide those services. Consumer [REDACTED]
6 paid Respondents a fee of \$1,500 for residential loan modification services.

7 **1.3 Misrepresentations and Omissions.** Respondents represented that they were licensed to
8 provide the residential mortgage loan modification services or omitted disclosing that they were not
9 licensed to provide those services.

10 **1.4 On-Going Investigation.** The Department’s investigation into the alleged violations of the
11 Act by Respondents continues to date.

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

13 **2.1 Mortgage Broker Defined.** Pursuant to RCW 19.146.010(14) and WAC 208-660-006,
14 “Mortgage Broker” means any person who, for compensation or gain, or in the expectation of
15 compensation or gain (a) assists a person in obtaining or applying to obtain a residential mortgage loan
16 or (b) holds himself or herself out as being able to make a residential mortgage loan or assist a person
17 in obtaining or applying to obtain a residential mortgage loan. Pursuant to WAC 208-660-006, a
18 person “‘assists a person in obtaining or applying to obtain a residential mortgage loan’ by, among
19 other things, counseling on loan terms (rates, fees, other costs), [and] preparing loan packages....”

20 **2.2 Loan Originator Defined.** Pursuant to RCW 19.146.010(11), “loan originator” means a
21 natural person who for direct or indirect compensation or gain, or in the expectation of direct or
22 indirect compensation or gain: takes a residential mortgage loan application for a mortgage broker;
23 offers or negotiates terms of a mortgage loan; or holds themselves out to the public as able to perform
24 any of these activities.

1 **2.3 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents
2 are in apparent violation of RCW 19.146.0201(2) & (3) for engaging in an unfair or deceptive practice
3 toward any person and obtaining property by fraud or misrepresentation.

4 **2.4 Requirement to Obtain and Maintain Mortgage Broker License.** Based on the Factual
5 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200(1)
6 for engaging in the business of a mortgage broker for Washington residents or property without first
7 obtaining a license to do so.

8 **2.5 Requirement to Obtain and Maintain Loan Originator License.** Based on the Factual
9 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200(1)
10 for engaging in the business of a loan originator without first obtaining and maintaining a license.

11 **2.6 Requirement to Maintain Accurate and Current Books and Records.** Pursuant to RCW
12 19.146.060 and WAC 208-660-450, Respondents are required to keep all books and records in a
13 location that is on file with and readily available to the Department until at least twenty-five months
14 have elapsed following the effective period to which the books and records relate.

15 III. AUTHORITY TO IMPOSE SANCTIONS

16 **3.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 19.146.220(4), the
17 Director may issue orders directing any person subject to the Act to cease and desist from conducting
18 business.

19 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(5), the Director may
20 issue orders prohibiting from participation in the conduct of the affairs of a licensed mortgage broker
21 any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through (9) or
22 (13), or RCW 19.146.200.

23 **3.3 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2), the Director may order
24 restitution against any person subject to the Act for any violation of the Act.

1 **3.4 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2), the Director may impose fines
2 against any person subject to the Act for any violation of the Act.

3 **3.5 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), and WAC 208-
4 660-550(4)(a), the Department will charge forty-eight dollars per hour for an examiner's time devoted
5 to an investigation of any person subject to the Act.

6 **IV. NOTICE OF INTENT TO ENTER ORDER**

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

10 **4.1** Respondents My State Processing and David Young cease and desist engaging in the business
11 of a mortgage broker or loan originator.

12 **4.2** Respondents My State Processing and David Young be prohibited from participation, in any
13 manner, in the conduct of the affairs of any mortgage broker subject to licensure by the
14 Director for a period of five years.

15 **4.3** Respondents My State Processing and David Young jointly and severally pay restitution to the
16 consumer identified by the Department in paragraph 1.2 in the amount set forth therein, and
17 that Respondents My State Processing and David Young jointly and severally pay restitution to
18 each Washington consumer with whom they entered into a contract for residential mortgage
19 loan modification services related to real property or consumers located in the state of
20 Washington equal to the amount collected from that Washington consumer for those services
21 in an amount to be determined at hearing.

22 **4.4** Respondents My State Processing and David Young jointly and severally pay a fine, which as
23 of the date of this Statement of Charges totals \$3,000.

24 **4.5** Respondents My State Processing and David Young jointly and severally pay an investigation
fee, which as of the date of this Statement of Charges totals \$720.

4.6 Respondents My State Processing and David Young maintain records in compliance with the
Act and provide the Department with the location of the books, records and other information
relating to Respondents My State Processing and David Young's provision of 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.

1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges is entered pursuant to the provisions of RCW 19.146.220, RCW
3 19.146.221, RCW 19.146.223, and RCW 19.146.230, and is subject to the provisions of chapter 34.05
4 RCW (The Administrative Procedure Act). Respondents may make a written request for a hearing as
5 set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING
6 accompanying this Statement of Charges.

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8 Dated this 14th day of March, 2013.

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11 /S/
12 DEBORAH BORTNER
13 Director, Division of Consumer Services
14 Department of Financial Institutions

15 Presented by:

16 /S/
17 KENNETH J. SUGIMOTO
18 Financial Legal Examiner

19 Approved by:

20 /S/
21 CHARLES E. CLARK
22 Enforcement Chief