

**ORDER SUMMARY – Case Number: C-15-1650**

**Names:** Edward Raif Johnsrud d/b/a Point Loma Investment Group; First Home Mortgage Consulting d/b/a FHM Consulting

**Order Number:** C-15-1650-15-FO01

**Effective Date:** 12/21/2015

**License Number:** NMLS: 311651

**Or NMLS Identifier**

**License Effect:** N/A

**Not Apply Until:** 12/21/2020

**Not Eligible Until:** 12/21/2020

**Prohibition/Ban Until:** 12/21/2020

<b>Investigation Costs</b>	\$1,051.20	Due 30 days from receipt of final order	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
<b>Fine</b>	\$6,000.00	Due 30 days from receipt of final order	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>	\$1,500.00	Due 30 days from receipt of final order	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
<b>Judgment</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Costs and Expenses of Prosecution</b>	\$302.40	Due 30 days from receipt of final order	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
<b>Satisfaction of Judgment Filed?</b>		<input type="checkbox"/> Y <input checked="" type="checkbox"/> N		
No. of Victims:		1		

Comments: Respondents are ordered to cease and desist from engaging in the business of a mortgage broker and loan originator.

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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  
Mortgage Broker Practices Act of Washington  
by:

No.: C-15-1650-15-FO01

FIRST HOME MORTGAGE CONSULTING  
d/b/a FHM CONSULTING; and EDWARD RAIF  
JOHNSRUD d/b/a POINT LOMA  
INVESTMENT GROUP LLC,

FINAL ORDER

Respondents.

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**I. DIRECTOR'S CONSIDERATION**

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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 Charles E. Clark (Director's designee), pursuant to RCW 34.05.440(1). On November 17, 2015, the Director, through the Director's designee, issued a Statement of Charges and Notice of Intention to Enter an Order to Cease and Desist Business, Prohibit from Industry, Order Restitution, Impose Fine, Collect Investigation Fee, and Collect Costs and Expenses (Statement of Charges) against First Home Mortgage Consulting d/b/a FHM Consulting and Edward Raif Johnsrud d/b/a Point Loma Investment Group LLC (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 November 18, 2015, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for Respondents (collectively, accompanying documents).

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On November 18, 2015, the Department served Respondents with the Statement of Charges and accompanying documents by First-Class mail and Federal Express overnight delivery. On

1 November 19, 2015, the documents sent by Federal Express overnight delivery were delivered. The  
2 documents sent by First-Class mail were not returned to the Department by the United States Postal  
3 Service.

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

7 B. Record Presented. The record presented to the Director's designee for his review  
8 and for entry of a final decision included the following: Statement of Charges, cover letter dated  
9 November 18, 2015, Notice of Opportunity to Defend and Opportunity for Hearing, blank  
10 Application for Adjudicative Hearing for Respondents, with documentation for service, and  
11 Declaration of Amanda Herndon.

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

## 14 II. FINAL ORDER

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

17 A. IT IS HEREBY ORDERED, That:

- 18 1. Respondents FIRST HOME MORTGAGE CONSULTING and EDWARD RAIF  
19 JOHNSRUD cease and desist engaging in the business of a mortgage broker and  
loan originator.
- 20 2. Respondents FIRST HOME MORTGAGE CONSULTING and EDWARD RAIF  
21 JOHNSRUD are prohibited from participation in the conduct of the affairs of any  
22 mortgage broker subject to licensure by the Director, in any manner, for a period  
of five years.
- 23 3. Respondents FIRST HOME MORTGAGE CONSULTING and EDWARD RAIF  
24 JOHNSRUD jointly and severally pay \$1,500.00 in restitution to Washington  
State consumer D.I.

- 1 4. Respondents FIRST HOME MORTGAGE CONSULTING and EDWARD RAIF  
2 JOHNSRUD jointly and severally pay a fine of \$6,000.00
- 3 5. Respondents FIRST HOME MORTGAGE CONSULTING and EDWARD RAIF  
4 JOHNSRUD jointly and severally pay an investigation fee of \$1,051.20.
- 5 6. Respondents FIRST HOME MORTGAGE CONSULTING and EDWARD RAIF  
6 JOHNSRUD maintain records in compliance with chapter 19.146 RCW, the  
7 Mortgage Broker Practices Act (Act) and provide the Director with the location  
8 of the books, records and other information relating to Respondents First Home  
9 Mortgage Consulting's and Edward Raif Johnsrud's business, and the name,  
10 address and telephone number of the individual responsible for maintenance of  
11 such records in compliance with the Act.
- 12 7. Respondents FIRST HOME MORTGAGE CONSULTING and EDWARD RAIF  
13 JOHNSRUD pay the Department's costs and expenses for prosecuting violations  
14 of the Act in an amount \$302.40 as stated in the Declaration of Amanda  
15 Herndon.

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

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

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

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

4 E. Non-compliance with Order. If Respondents do not comply with the terms of this  
5 order, **including payment of any amounts owed within thirty days of receipt of this order**, the  
6 Department may seek its enforcement by the Office of the Attorney General to include the  
7 collection of the restitution, fines, fees, costs, and expenses imposed herein. The Department also  
8 may assign the amounts owed to a collection agency for collection.

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

12 DATED this 21<sup>st</sup> day of December, 2015.



14 STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS

15 [REDACTED]  
16 CHARLES E. CLARK  
17 Director  
18 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:

No.: C-15-1650-15-FO01

DECLARATION OF AMANDA HERNDON

FIRST HOME MORTGAGE CONSULTING  
d/b/a FHM CONSULTING; and EDWARD  
RAIF JOHNSRUD d/b/a POINT LOMA  
INVESTMENT GROUP LLC,

Respondents.

I, AMANDA HERNDON, declare as follows:

1. I am over the age required and competent to be a witness.

2. I am a Financial Legal Examiner for the Enforcement Unit of the State of Washington Department of Financial Institutions, Division of Consumer Services (Department). I have knowledge of, and access to, the documents pertaining to the investigation of this matter. I make this declaration based upon personal knowledge and in my capacity as an employee of the Department.

3. The Department uses a database called Star to maintain records of the time that employees spend working on investigations. At or near the times when I worked on the investigation of Respondents, I entered the amount of time that I spent working on the investigation into the Star database. The Star database shows that between November 25, 2015, and December 15, 2015, I spent a total of 6.3 hours working on the investigation of Respondents. I spent this time doing work directly related to the prosecution of violations identified in the Statement of Charges.

4. On December 15, 2015, I created a screen shot of the Star database showing my time entries for the Department's investigation of Respondents. A true and correct copy of the screenshot is attached hereto as Attachment A.

5. Pursuant to WAC 208-6960-550(4)(a), the Department bills \$48 per hour for examiner time spent working on investigations.

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6. Based on the foregoing information, the Department incurred \$302.40 in costs and expenses for prosecuting the violations identified in the Statement of Charges:

I declare under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

Executed on the 18<sup>th</sup> day of December 2015, at Tumwater, Washington.

  
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AMANDA HERNDON

1 STATE OF WASHINGTON  
2 DEPARTMENT OF FINANCIAL INSTITUTIONS  
3 DIVISION OF CONSUMER SERVICES

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

5 FIRST HOME MORTGAGE CONSULTING d/b/a  
6 FHM CONSULTING; and EDWARD RAIF  
JOHNSRUD d/b/a POINT LOMA INVESTMENT  
7 GROUP LLC,

8 Respondents.

No. C-15-1650-15-SC01

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

9 INTRODUCTION

10 Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of Financial  
11 Institutions of the State of Washington (Director) is responsible for the administration of chapter  
12 19.146 RCW, the Mortgage Broker Practices Act (Act). After having conducted an investigation  
13 pursuant to RCW 19.146.235, and based upon the facts available as of the date of this Statement of  
14 Charges, the Director, through his designee, Division of Consumer Services Director Charles E. Clark,  
15 institutes this proceeding and finds as follows:

16 I. FACTUAL ALLEGATIONS

17 1.1 Respondents.

18 A. Respondent First Home Mortgage Consulting d/b/a FHM Consulting (Respondent  
19 FHM) has never been licensed by the Department of Financial Institutions of the State of Washington  
20 (Department) to conduct business as a mortgage broker.

21 B. Edward Raif Johnsrud d/b/a Point Loma Investment Group LLC (Respondent  
22 Johnsrud) is a principal of Respondent FHM. Respondent Johnsrud has never been licensed by the  
23 Department to conduct business as a mortgage broker or loan originator.

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1 **1.2 Unlicensed Activity.** Between at least May 2, 2014, and October 16, 2014, Respondents  
2 offered residential mortgage loan modification services to Washington State consumers, for loans  
3 secured by an interest in property located in Washington State, or both. Respondents entered into a  
4 contract with at least one Washington State consumer to provide those services and collected an  
5 advance fee for those services. Consumer D.I. paid an advanced fee of \$1,500.00 to Respondents for  
6 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), "Mortgage broker" means any  
14 person who for direct or indirect compensation or gain, or in the expectation of direct or indirect  
15 compensation or gain assists a person in obtaining or applying to obtain a residential mortgage loan or  
16 performs residential mortgage loan modification services or holds himself or herself out as being able  
17 to assist a person in obtaining or applying to obtain a residential mortgage loan or provide residential  
18 mortgage loan modification services.

19 **2.2 Loan Originator Defined.** Pursuant to RCW 19.146.010(11)(b), "Loan originator" means a  
20 natural person who for direct or indirect compensation or gain or in the expectation of direct or  
21 indirect compensation or gain performs residential mortgage loan modification services or holds  
22 himself or herself out as being able to perform residential mortgage loan modification services.

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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) and (3) for engaging in an unfair or deceptive  
3 practice toward any person and obtaining property by fraud or misrepresentation.

4 **2.4 Failure 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 Failure to Obtain and Maintain Loan Originator License.** Based on the Factual Allegations  
9 set forth in Section I above, Respondent Johnsrud is in apparent violation of RCW 19.146.200(1) for  
10 engaging in the business of a loan originator without first obtaining and maintaining a license.

11 **2.6 Prohibition against Taking Advance Fees.** Based on the Factual Allegations set forth in  
12 Section I above, Respondents are in apparent violation of RCW 19.146.0201(11) and 12 § C.F.R.  
13 1015.5(a) for taking advance fees for residential mortgage loan modification services.

### 14 III. AUTHORITY TO IMPOSE SANCTIONS

15 **3.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 19.146.220(4), the  
16 Director may issue orders directing any person subject to the Act to cease and desist from conducting  
17 business.

18 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(5), the Director may  
19 issue orders prohibiting from participation in the conduct of the affairs of a licensed mortgage broker  
20 any person subject to licensing under the Act for any violation of the Act.

21 **3.3 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2), the Director may order  
22 restitution against any person subject to the Act for any violation of the Act.

23 **3.4 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2), the Director may impose fines  
24 against any person subject to the Act for any violation of the Act.

1 **3.5 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2) and WAC 208-660-  
2 550(4)(a), the Department will charge forty-eight dollars per hour for an examiner's time devoted to  
3 an investigation of any person subject to the Act.

4 **3.6 Authority to Recover Costs and Expenses.** Pursuant to RCW 19.146.221(2), the Director  
5 may recover the state's costs and expenses for prosecuting violations of 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 First Home Mortgage Consulting and Edward Raif Johnsrud cease and desist  
11 engaging in the business of a mortgage broker and loan originator.
- 12 **4.2** Respondents First Home Mortgage Consulting and Edward Raif Johnsrud be prohibited from  
13 participation, in any manner, in the conduct of the affairs of any mortgage broker subject to  
14 licensure by the Director for a period of five years.
- 15 **4.3** Respondents First Home Mortgage Consulting and Edward Raif Johnsrud jointly and  
16 severally pay restitution to the consumer identified in paragraph 1.2 totaling \$1,500.00, and  
17 that Respondents jointly and severally pay restitution to each Washington State consumer with  
18 whom they agreed to perform residential mortgage loan modification and any other consumer  
19 for whom they agreed to perform residential mortgage loan modification services for a loan  
20 secured by an interest in property located in Washington State equal to the amount collected  
21 from each consumer for those services in an amount to be determined at hearing.
- 22 **4.4** Respondents First Home Mortgage Consulting and Edward Raif Johnsrud jointly and  
23 severally pay a fine, which as of the date of this Statement of Charges totals \$ 6,000.00.
- 24 **4.5** Respondents First Home Mortgage Consulting and Edward Raif Johnsrud jointly and  
severally pay an investigation fee, which as of the date of this Statement of Charges totals  
\$1,051.20.
- 4.6** Respondents First Home Mortgage Consulting and Edward Raif Johnsrud 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 Washington, and the name, address and telephone number of the  
individual responsible for maintenance of such records in compliance with the Act.
- 4.7** Respondent First Home Mortgage Consulting and Edward Raif Johnsrud pay the  
Department's costs and expenses for prosecuting violations of the Act in an amount to be

1 determined at hearing or by Declaration with supporting documentation in event of default by  
2 Respondent.

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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 17<sup>th</sup> day of November, 2015.



11 [Redacted Signature]  
12 **CHARLES E. CLARK**  
13 Director, Division of Consumer Services  
14 Department of Financial Institutions

15 Presented by:

16 [Redacted Signature]  
17  
18 Amanda J. Herndon  
19 Financial Legal Examiner

20 Approved by:

21 [Redacted Signature]  
22 **STEVEN C. SHERMAN**  
23 Enforcement Chief  
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