

ORDER SUMMARY – Case Number: C-15-1803

Name(s): Real Property Funding Group LLC
Stephen Boyd

Order Number: C-15-1803-17-CO01

Effective Date: March 13, 2017

License Number: Real Property Funding Group LLC # 131704

Or NMLS Identifier [U/L] Stephen Boyd # 130504

License Effect: _____

Not Apply Until: _____

Not Eligible Until: _____

Prohibition/Ban Until: _____

Investigation Costs	\$ 2,124	Due: June 30, 2017	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Fine	\$ 5,000	Due: June 30, 2017	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	\$	Due	Paid <input type="checkbox"/> Y <input 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: _____

Fine \$15,000 STAYED

1 B. **Waiver of Hearing.** It is AGREED that Respondents have been informed of their right to a
2 hearing before an administrative law judge, and hereby waive their right to a hearing and any
3 and all administrative and judicial review of the issues raised in this matter, or of the
4 resolution reached herein. Accordingly, Respondents withdraw their appeal to the Office of
5 Administrative Hearings.

6 C. **Agreement to Cease and Desist.** It is AGREED that Respondents shall Cease and Desist
7 from violations of RCWs 19.146.030, 19.146.050(1), 19.146.060(2), 19.146.0201,
8 19.146.250, and 19.146.390.

9 D. **License Revocation and Stay.** It is AGREED that Respondents' mortgage broker license be
10 revoked. It is further AGREED that the revocation shall be stayed pending an examination
11 conducted by the Department at Respondents' cost. It is further AGREED that the
12 examination shall occur within 18 months of the entry of this Consent Order. It is further
13 AGREED that an examination rating of 3, 4, or 5 is a violation of this Consent Order and
14 may result in lifting the stay and imposing the revocation. It is further AGREED that if the
15 Department does not seek to lift the stay and impose the revocation after the Department's
16 examination, said revocation will be deemed withdrawn without further action being required
17 by either party.

18 E. **Fine and Stay.** It is AGREED that Respondents shall pay a fine to the Department in the
19 amount of \$20,000.00, in the form of a cashier's check made payable to the "Washington
20 State Treasurer." It is further AGREED that \$15,000.00 of the fine shall be stayed pending
21 an examination conducted by the Department. The examination shall be conducted in
22 accordance with the terms stated in Paragraph D above. It is further AGREED that the
23 stayed fine may be lifted in accordance with the terms stated in Paragraph D above. It is
24

1 further AGREED that Respondents shall pay to the Department the remaining fine amount of
2 \$5,000.00 pursuant to Paragraph G.

3 **F. Lifting of Stay and Imposing Revocation and Fine.** It is AGREED that:

- 4 1. If the Department determines that Respondents have not sufficiently complied with
5 the terms of this Consent Order, the Department may seek to lift the stay and impose
6 the revocation set forth in Paragraph D and the stayed fine set forth in Paragraph E
7 above. The Department will first notify Respondents in writing of its determination.
- 8 2. The Department's notification will include:
 - 9 a) A description of the alleged noncompliance;
 - 10 b) A statement that the Department seeks to lift the stay and impose the
11 revocation and fine;
 - 12 c) The opportunity for Respondents to contest the Department's determination of
13 noncompliance in an administrative hearing before an Administrative Law
14 Judge (ALJ) of the Office of Administrative Hearings (OAH); and
 - 15 d) A copy of this Consent Order. The notification and hearing process provided
16 in this Consent Order applies only to this Consent Order. It is solely provided
17 in the event Respondents choose to contest the Department's determination of
18 noncompliance.
- 19 3. Respondents will be afforded ten (10) business days from the date of receipt of the
20 Department's notification to submit a written request to the Department for an
21 administrative hearing to be held before an ALJ from the OAH.
- 22 4. Respondents, in addition to its request for hearing, may provide a written response to
23 include any information pertaining to the alleged noncompliance.
- 24 5. If requested, the hearing will be held within 15 business days (or as soon as the
schedule of the ALJ permits) from the due date for Respondents' request for hearing
or from the date of receipt of Respondents' timely request(s) for hearing, whichever is
sooner. The parties will accommodate the prompt scheduling of the hearing.
6. The administrative hearing shall be expedited and follow the timing and processes
described in this Consent Order.
7. The scope and issues of the hearing are solely limited to whether or not Respondents
are in violation of the terms of this Consent Order.
8. At the conclusion of the hearing, the ALJ will issue an initial decision. Either party
may file a Petition for Review with the Director of the Department.

1 9. If Respondents do not request the hearing within the stated time, the Department will
2 impose the revocation and fine and pursue whatever action it deems necessary to
enforce the revocation and fine.

3 G. **Investigation Fee.** It is AGREED that Respondents shall pay to the Department an
4 investigation fee of \$2,124.00. The Fine not stayed and Investigation Fee shall be paid
5 together in one \$7,124.00 cashier's check made payable to the "Washington State Treasurer."
6 Respondents' payment shall be delivered to the Department on or before June 30, 2017.

7 H. **Authority to Execute Consent Order.** It is AGREED that Respondent Stephen Boyd has
8 represented and warranted that he has the authority, right, and full power to execute this
9 Consent Order on behalf of Respondent Real Property Funding Group, LLC.

10 I. **Change of Address.** It is AGREED that for the duration of the period this Consent Order is
11 in effect, unless otherwise agreed to in writing by the Department, Respondents shall provide
12 the Department with a mailing address and telephone number at which Respondents can be
13 contacted and Respondents shall notify the Department in writing of any changes to his
14 mailing address or telephone number within 15 days of any such change.

15 J. **Non-Compliance with Order.** It is AGREED that Respondents understand that failure to
16 abide by the terms and conditions of this Consent Order may result in further legal action by
17 the Director. In the event of such legal action, Respondents may be responsible to reimburse
18 the Director for the cost incurred in pursuing such action, including but not limited to,
19 attorney fees.

20 K. **Voluntarily Entered.** It is AGREED that Respondents have voluntarily entered into this
21 Consent Order, which is effective when signed by the Director's designee.

22 L. **Completely Read, Understood, and Agreed.** It is AGREED that Respondents have read
23 this Consent Order in its entirety and fully understands and agrees to all of the same.

24 //

1 **RESPONDENT:**
2 REAL PROPERTY FUNDING GROUP, LLC,
3 NMLS# 131704

4 By:

5 _____/s/_____

6 Stephen Boyd
7 Designated Broker

8 _____3/7/2016_____

9 Date

10 **RESPONDENT:**
11 STEPHEN BOYD, Designated Broker,
12 NMLS# 130504,

13 _____/s/_____

14 Stephen Boyd
15 Individually

16 _____3/7/2017_____

17 Date

18 **DO NOT WRITE BELOW THIS LINE**

19 THIS ORDER ENTERED THIS 13th DAY OF March, 2017.

20 _____/s/_____

21 CHARLES E. CLARK
22 Director
23 Division of Consumer Services
24 Department of Financial Institutions

25 Presented by:

26 _____/s/_____

27 IGOR VOLOSHIN
28 Financial Legal Examiner

29 Approved by:

30 _____/s/_____

31 STEVEN C. SHERMAN
32 Enforcement Chief

1 for the period of February 1, 2013, through July 1, 2015. The Department identified numerous
2 violations as follows.

3 **1.3 Failure to Deliver or Delivery of Incomplete Rate Lock Agreements.** In at least ten
4 borrower files, Respondents failed to deliver complete and timely rate lock agreements.

5 **1.4 Failure to Deposit Third Party Fees into a Trust Account.** In at least four borrower files,
6 Respondents failed to deposit third-party fees into a trust account. Respondents received
7 disbursement checks from escrow agents for third-party credit report fees, and Respondents deposited
8 the fees into its general account.

9 **1.5 Failure to Maintain Records.** In at least seven borrower files, necessary documents were
10 missing, including, anti-steering disclosures, rate lock confirmations, privacy policy, and Equal
11 Credit Opportunity Act notices.

12 **1.6 Engaged in Prohibited Practice.** In at least four borrower files, Respondents failed to
13 ensure that borrowers received a credit to cure Real Estate Settlement Procedures Act (RESPA)
14 tolerance violations.

15 **1.7 Failure to Provide Initial Disclosures within Three Days of Application.** In at least two
16 borrower files, Respondents failed to provide initial the Good Faith Estimates (GFE) or Truth in
17 Lending disclosures within three days of taking an application.

18 **1.8 Failure to Accurately Complete Important Dates Section of the GFE.** In at least six
19 borrower files, Respondents failed to correctly complete the “Important Dates” section of the GFE.

20 **1.9 Failure to Accurately Complete Summary of Your Loan Section of the GFE.** In at least
21 three borrower files, Respondents failed to accurately complete the “Your Loan” section of the GFE.

22 **1.10 Failure to Accurately Complete Block 9 of the GFE.** In at least 13 borrower files,
23 Respondents failed to accurately complete “Block 9” of the GFE.

1 **1.11 Failure to Accurately Complete Block 10 of the Good Faith Estimate.** In at least 14
2 borrower files, Respondents failed to accurately complete “Block 10” of the GFE.

3 **1.12 Failure to Provide Accurate and Complete Truth-in-Lending Disclosure Statements.** In
4 at least ten borrower files, Respondents failed to accurately complete the lower portion of the Truth-
5 in-Lending Disclosure Statement.

6 **1.13 Failure to Provide an Accurate and Complete Privacy Policy Disclosure.** In at least 15
7 borrower files, Respondents failed to provide accurate or complete privacy policy disclosures by
8 omitting material information, including whether or not Respondents share borrower information for
9 “everyday business purposes,” Respondents’ contact information in the “Questions” box, information
10 on how Respondents collect borrower personal information, and the “Definitions” section.

11 **1.14 Failure to Provide Accurate and Complete Homeownership Counseling List.** In at least
12 nine borrower files, Respondents failed to provide an accurate and complete written list of
13 Homeownership Counseling Organizations.

14 **1.15 Failure to Provide Complete and Accurate Affiliated Business Disclosure Statement.** In
15 at least seven borrower files, Respondents failed to complete accurate Affiliated Business Disclosure
16 Statements.

17 **1.16 Failure to Provide an Accurate Variable Rate Disclosure.** In at least two borrower files,
18 Respondents failed to complete accurate Variable Rate Disclosure statements. In both instances,
19 Respondents failed to accurately complete the “HOW YOUR INTEREST RATE IS DETERMINED”
20 boxes.

21 **1.17 Failure to Adhere to RESPA Tolerance Limits.** In at least one borrower file, Respondents
22 failed to comply with RESPA tolerance limits for services the borrower could shop for by exceeding
23 the amount estimated in the GFE by more than ten percent.

1 **1.18 Failure to Include Processing Fees in Line 801 of the HUD-1.** In at least 11 borrower files,
2 Respondents failed to include a \$500 “processing fee” in line 801 of the HUD-1.

3 **1.19 Failure to Display License Number in Advertisement.** In at least one advertisement,
4 Respondents failed to display the license number for Respondent Boyd in adequately close proximity
5 to Respondent Boyd’s name.

6 **1.20 Failure to Develop an Information Security Plan.** Respondents failed to develop an
7 Information Security Plan.

8 **1.21 Failure to Develop Red Flags Policy.** Respondents failed to develop a Red Flags policy.

9 **1.22 Failure to Develop Bank Secrecy Act/Anti-Money Laundering Program.** Respondents
10 failed to develop a Bank Secrecy Act/Anti-Money Laundering Program.

11 **1.23 Failure to Properly or Accurately File Mortgage Calls Reports (MCRs).** Respondents are
12 required to file quarterly reports of mortgage broker activity through NMLS. MCRs are due no later
13 than 45 days after the end of the calendar quarter. Financial Condition Reports are due no later than
14 90 days after Respondents’ fiscal year end. Respondents’ fiscal year end is December 31.

15 **A. Failure to File Accurate MCRs.** Respondents failed to file accurate MCRs for the
16 1st quarter of 2011 and the 4th quarter of 2014. Respondents also submitted erroneous
17 MCRs, as evidenced by discrepancies between “Applications in Process” and at the
18 “Beginning of the Period” for the 4th quarter of 2013 MCR and the 1st quarter of 2014
19 MCR, 1st and 2nd quarters of 2014 MCRs, and the 2nd and 3rd quarters of 2014
20 MCRs.

21 **B. Late Filing of 2013 Mortgage Call Reports.** On or about December 17, 2013,
22 Respondents filed their 2013 Quarter 1, Quarter 2, and Quarter 3 Mortgage Call
23 Reports. On or about March 21, 2014, Respondents filed their 2014 Quarter 4. On or
24 about December 29, 2014, Respondents filed their 2013 Financial Condition Reports.

1 employee's, or independent contractor's violations of this chapter and its rules if: (a) The designated
2 broker, principal, or owner directs or instructs the conduct or, with knowledge of the specific
3 conduct, approves or allows the conduct; or (b) The designated broker, principal, or owner who has
4 supervisory authority over the licensed mortgage broker knows or by the exercise of reasonable care
5 and inquiry should have known of the conduct, at a time when its consequences can be avoided or
6 mitigated and fails to take reasonable remedial action.

7 **2.3 Requirement to Timely Deliver Complete Rate Lock Agreements.** Based on the Factual
8 Allegations set forth in Section I above, Respondents are in apparent violation of RCW
9 19.146.030(2)(c), WAC 208-660-430(1), (2), and (6) for failing to deliver complete and timely rate
10 lock agreements.

11 **2.4 Requirement to Deposit Third Party Fees into Trust Account.** Based on the Factual
12 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.050(1)
13 and WAC 208-660-410(3) and (6) for failing to deposit third-party fees into a trust account.

14 **2.5 Requirement to Maintain Records.** Based on the Factual Allegations set forth in Section I
15 above, Respondents are in apparent violation of RCW 19.146.060(2) and WAC 208-660-450(3) for
16 failing to maintain required books and records.

17 **2.6 Prohibited Practices.** Based on the Factual Allegations set forth in Section I above,
18 Respondents are in apparent violation of RCW 19.146.0201(6), RCW 19.146.0201(11), and WAC
19 208-660-430(13) for failing to cure RESPA tolerance violations.

20 **2.7 Requirement to Timely and Accurately Complete the Good Faith Estimate.** Based on the
21 Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW
22 19.146.030 and RCW 19.146.0201(11) (by violating 12 C.F.R. Part 1024) for failing to provide
23 initial Good Faith Estimates within three days of taking an application, failing to correctly complete
24

1 the “Important Dates” section of the GFE, failing to correctly complete the “Your Loan” section of
2 the GFE, and failing to correctly complete Blocks 9 and 10 of the GFE.

3 **2.8 Requirement to Provide Accurate and Complete Truth-in-Lending Disclosure**

4 **Statements.** Based on the Factual Allegations set forth in Section I above, Respondents are in
5 apparent violation of RCW 19.146.030 and RCW 19.146.0201(11) (by violating 12 C.F.R. Part 1026
6 *et al.*) for failing to provide initial Truth-in-Lending Disclosure Statements within three days of
7 taking an application and failing to accurately complete the lower portion of the Truth-in-Lending
8 Disclosure Statements.

9 **2.9 Requirement to Provide Accurate and Complete Privacy Policy Disclosures.** Based on
10 the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW
11 19.146.0201(11) (by violating 12 C.F.R. Part 1016 *et al.*) for failing to provide accurate or complete
12 privacy policy disclosures.

13 **2.10 Requirement to Provide Accurate and Complete a Homeownership Counseling List.**

14 Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation
15 of RCW 19.146.0201(11) (by violating 12 C.F.R. Part 1024.20(a)) by failing to provide an accurate
16 and complete written list of Homeownership Counseling Organizations.

17 **2.11 Requirement to Provide Complete and Accurate Affiliated Business Disclosure**

18 **Statement.** Based on the Factual Allegations set forth in Section I above, Respondents are in
19 apparent violation of RCW 19.146.0201(11) (by violating 12 C.F.R. Part 1024.15) by failing to
20 properly disclosure that Respondent Real Property’s owners also wholly own an affiliated business,
21 Real Property Associates and failed to disclose the range of charges for the affiliate.

22 **2.12 Requirement to Provide Accurate Variable Rate Disclosures.** Based on the Factual

23 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.030

1 and RCW 19.146.0201(11) (by violating 12 C.F.R. Parts 1026.19) by failing to complete accurate
2 Variable Rate Disclosure statements.

3 **2.13 Requirement to Adhere to RESPA Tolerance Limits.** Based on the Factual Allegations set
4 forth in Section I above, Respondents are in apparent violation of RCW 19.146.0201(11) (by
5 violating 12 C.F.R. Part 1024.7) by failing to comply with RESPA tolerance limits for services the
6 borrower could shop for by exceeding the amount estimated in the GFE by more than ten percent.

7 **2.14 Requirement to Include Processing Fees in Line 801 of the HUD-1 Settlement Statement.**
8 Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation
9 of RCW 19.146.0201(11) (by violating 12 C.F.R. Part 1024) by failing to include a \$500 “processing
10 fee” in line 801 of the HUD-1.

11 **2.15 Requirement to Display License Number in Advertisement.** Based on the Factual
12 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.250
13 and WAC 208-660-350(23)(c) – (d) by failing to include Respondent Boyd’s license number in
14 adequately close proximity to his name.

15 **2.16 Requirement to Develop an Information Security Plan.** Based on the Factual Allegations
16 set forth in Section I above, Respondents are in apparent violation of RCW 19.146.0201(11) (by
17 violating 16 C.F.R. Part 314) for failing to develop an Information Security Plan.

18 **2.17 Requirement to Develop Red Flags Policy.** Based on the Factual Allegations set forth in
19 Section I above, Respondents are in apparent violation of RCW 19.146.0201(11) (by violating 16
20 C.F.R. Part 681) by failing to develop a Red Flag policy.

21 **2.18 Requirement to Develop Bank Secrecy Act/Anti-Money Laundering Program.** Based on
22 the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW
23 19.146.0201(11) (by violating 31 C.F.R. Part 1029.210) by failing to develop a Bank Secrecy
24 Act/Anti-Money Laundering Program.

1 **2.19 Mortgage Call Reports.** Based on the Factual Allegations set forth in Section I above,
2 Respondents are in apparent violation of RCW 19.146.390 for failing to submit call reports through
3 the nationwide mortgage licensing system and registry in a form and containing the information as
4 prescribed by the Director.

5 **III. AUTHORITY TO IMPOSE SANCTIONS**

6 **3.1 Authority to Revoke License.** Pursuant to RCW 19.146.220(2), the Director may revoke
7 licenses for any violation of the Act.

8 **3.2 Authority to Prohibit Licensee from the Industry.** Pursuant to RCW 19.146.220(4), the
9 Director may prohibit from participation in the conduct of the affairs of a licensed mortgage broker,
10 or both, any officer, principal, employee, or loan originator of any licensed mortgage broker for any
11 violation of the Act.

12 **3.3 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2), the Director may impose fines
13 against a licensee or other persons subject to the Act for any violation of the Act.

14 **3.4 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2), the Director may order
15 restitution against licensees or other persons subject to the Act for any violation of the Act

16 **3.5 Authority to Collect Investigation Costs.** Pursuant to RCW 19.146.228(2), WAC 208-660-
17 520(9) & (11), and WAC 208-660-550(4)(a), the Department will charge forty-eight dollars per hour
18 for an examiner's time devoted to an investigation of a licensee or other person subject to the Act.

19 **3.6 Authority to Recover Costs and Expenses.** Pursuant to RCW 19.146.221(2), the Director
20 may recover the state's costs and expenses for prosecuting violations of the Act.

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

22 Respondents' violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC,
23 as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose
24

1 Sanctions, constitute a basis for the entry of an Order under RCW 19.146.220, RCW 19.146.221, and
2 RCW 19.146.223. Therefore, it is the Director's intention to ORDER that:

- 3 **4.1** Respondent Real Property Funding Group, LLC's license to conduct the business of a
4 mortgage broker be revoked.
- 5 **4.2** Respondent Stephen Boyd's license to conduct the business of a mortgage loan
6 originator be revoked.
- 7 **4.3** Respondent Real Property Funding Group, LLC be prohibited from participation in
8 the conduct of the affairs of any mortgage broker subject to licensure by the Director,
9 in any manner.
- 10 **4.4** Respondent Stephen Boyd be prohibited from participation in the conduct of the
11 affairs of any mortgage broker subject to licensure by the Director, in any manner.
- 12 **4.5** Respondents Real Property Funding Group, LLC and Stephen Boyd jointly and
13 severally pay a fine. As of the date of this Statement of Charges, the fine totals
14 \$50,000;
- 15 **4.6** Respondents Real Property Funding Group, LLC and Stephen Boyd jointly and
16 severally pay \$1,759.80 in restitution to Washington State consumers as identified in
17 Appendix A in association with the violations alleged in Section I above.
- 18 **4.7** Respondents Real Property Funding Group, LLC and Stephen Boyd jointly and
19 severally pay an investigation fee. As of the date of these charges totals \$2,124.
- 20 **4.8** Respondents Real Property Funding Group, LLC and Stephen Boyd jointly and
21 severally pay the Department's costs and expenses for prosecuting violations of the
22 Act in an amount to be determined at hearing or by declaration with supporting
23 documentation in event of default by Respondents.
- 24 **4.9** Respondent Real Property Funding Group, LLC maintain records in compliance with
the Act and provide the Director with the location of the books, records, and other
information relating to Respondent Real Property Funding Group, LLC's mortgage
broker company business, and the name, address, and telephone number of the individual
responsible for maintenance of such records in compliance with the Act.

V. AUTHORITY AND PROCEDURE

25 This Statement of Charges is entered pursuant to the provisions of RCW 19.146.220, RCW
26 19.146.221, RCW 19.146.223, and RCW 19.146.230, and is subject to the provisions of chapter
27 34.05 RCW (the Administrative Procedure Act). Respondents may make a written request for a

1 hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR
2 HEARING accompanying this Statement of Charges.

3
4 Dated this 24th day of April, 2016.

5
6 _____/s/
7 CHARLES E. CLARK
8 Director
9 Division of Consumer Services
10 Department of Financial Institutions

11 Presented by:

12 _____/s/
13 IGOR VOLOSHIN
14 Financial Legal Examiner

15 Approved by:

16 _____/s/
17 STEVEN C. SHERMAN
18 Enforcement Chief